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ABSTRACT

Perspectives on shifts in private-public relatedness experienced by five higher education institutions are presented. The five histories illustrate a variety of individual differences in private-public relatedness and represent a cross-section of 80 institutions that have encountered important adjustments. In each of the following institutions, the shift was made toward a more balanced private-public relationship: Cornell University as a private university with four public land grant colleges; Temple University as a state related university that was once a religious college; University of Delaware as a privately administered, state assisted, land grant, sea grant university; New College of Sarasota, Florida, as a former private liberal arts college now continuing as part of a public university; and Rio Grande College as a private four-year college in Ohio's river valley that sponsored a public community college on its campus. An introduction and analysis of the five models is presented by William McKeefery. Each of the institutions is discussed by the following officials: Cornell (Constance Cook); Temple (David V. Randall); Delaware (G. Arno Loessner); New College (Eugene Lewis); and Rio Grande (Herman Koby). Attention is directed to: why a public relationship developed, how the private-public accommodation was achieved; what the characteristics of the relationship achieved were; and what the consequences of the altered relationship were on its educational program, financial status, and on nearby institutions. Information on additional institutions and implications of the changes in private-public relatedness are examined. (SW)

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PATTERNS OF PRIVATE-PUBLIC RELATEDNESS

Five Institutional Histories and an Analysis

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PATTERNS OF PRIVATE-PUBLIC RELATEDNESS

Five Institutional Histories and an Analysis

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1981 The University of Bridgeport

Introduction

William McKeefery

Former President of William Paterson College of New Jersey

Former Director, National Study of Cooperative Arrangements Between Private and Public Colleges and Universities

A dual system of education in the United States has caused postsecondary institutions to be classified as private or public. This distinction is breaking down and few institutions are wholly one or the other. Thus a hybrid status is developing because private money is flowing to public institutions and public money to privates. The clienteles served are often indistinguishable. The boards of control increasingly have public and private representation. Currently, more private than public institutions are moving toward this middle status.

The national effort in postsecondary education reflects a melding of private-public relatedness. Both business and government join in billion dollar postsecondary activities without private-public designation. A neutral agent, the student, using grant monies moves freely to select an institution. The fixed resources of campuses and faculties move across private-public lines to meet regional needs. The state, as a major financial and program approval agency, handles the educational needs of the state as a whole bringing together both kinds of institutions.

Approximately 80 of 3,134 postsecondary institutions have made significant shifts in their private-public relatedness. Forty-three have done it by changing affiliation to a broader public status. Twenty-seven state universities have increased their non-state income so that it now exceeds that from the state. Ten private universities have increased public funding so that it now averages more than $100 million per institution per year.

An in-depth historical study was made of five institutions chosen for the uniqueness and success of their shifts: Cornell University as a private university with four public land grant colleges; Temple University as a state related university that was once a religious college; University of Delaware as a privately administered, state assisted, land grant, sea grant university; New College as a former private liberal arts college now continuing as a part of a public university; and Rio Grande College as a private four year college in Ohio's river valley that sponsored a public community college on its campus. In each case the shift was made toward a more balanced private-public relationship.

Implications: (1) Individual institutions with legislative support provide much of the initiative for private-public accommodation; (2) The complex functions of universities re-

quire them to take on the characteristics of both private and public institutions; (3) Preoccupation with dire predictions of enrollment and support for higher education has obscured the need for continuing readjustment of institutional roles; (4) Application to a state such as Connecticut includes a review of tuition "effort", student migration, urban service and partnerships of institutions. (5) Contrary to popular opinion new postsecondary institutions more than replace the few that have failed. In the eighties it is likely that we will try to make our current group more flexible. ■

Perspectives on Private-Public Institutional Relatedness

The special character of postsecondary education in the United States is that of a dual system, private and public. It is not the only special feature but the one that is the focus of this study. Other defining characteristics of a postsecondary system that encompasses some 12 million people are: 3,000 degree granting campuses; levels of institutions from major research institutions to technical institutes; a system that has tripled in size to serve a youth explosion in the sixties and now finds itself with more capacity than it needs; a vast array of facilities in fixed locations and a highly tenured faculty; a state as an important region for funding, academic planning and service; and unprecedented shifts in population, technology and urbanity. Often public and private institutions overlap in the area served, the programs offered and the clientele served. In some instances a private institution is nearest to an area in which there is a large unmet public need for higher education. In other instances a public institution serves not only its immediate area but also a special clientele as well.

Although the theory of a dual system remains intact, in practice most institutions have become hybrid — part public and part private. The amount of overlap depends on how you define public and private. Public means to many the ownership and control of an institution be it federal, state or local jurisdiction. More subtle control of the institution by public agencies comes about through public appointments to governing boards, chartering rights, program approval, accounting and auditing rights, and grants for research or student aid. More recently the public institution may be subject to enrollment control, an annual balanced budget, emergency takeover of operations by a Governor or Commissioner, and mandatory enrollment mix with respect to minority representation and service area needs. With budget formulas, total appropriations and definition-making now moved to the state capitals, a public institution board and president find little flexibility left to manage decline.

On the other hand, and still within the definition of public institution, are the large public research universities that enjoy considerable independence. Their charters in some cases preceded the development of the state's constitution making it difficult for the legislature to change them. They have accumulated funding through endowment, athletics and auxiliary enterprises. They compete in a national and sometimes international marketplace for gifted researchers. Because of resident legal and financial expertise they enter into more sophisticated borrowing and budget balancing strategems than the average state college which is enrollment driven. They may maintain a lobbying office in Washington. Those with land grant status have large field staffs of county agents and others who interpret the institution favorably on budget matters and other critical issues. These resources that come because of size and sophistication parallel the resources of the private university and make the distinction of public and private designations less meaningful.

The designation of an institution as private is also subject to interpretation. It connotes the freedom to select the mission of the institution apart from public needs. Thus its teaching fields, its selection of students, its research thrust and its expenditure of funds — including running deficits — are a matter of internal decision. It can advocate religion. It can even make a profit for

its owner if it is chartered as proprietary. Yet this freedom has limits. It must maintain a charter from the state. Program approval is now often required by the state. If it is non-profit it enjoys tax free status but this is now critically reviewed by local tax assessors on any profit making activities. It is free to close down, move its campus, go coed, lobby, give large grants to talented students, operate overseas, choose its own governing board and become insolvent. Yet it cannot prevent the state from building a public institution across the street. Because it accepts federal grants it must accept civil rights regulations. There are few private institutions entirely free of public control. A few liberal arts colleges have sought to avoid all federal and state involvement but it has been very difficult. Seminaries and research institutes have been more successful in keeping the private label. Yet the private-public distinction continues to blur.

One of the historical reasons for distinguishing private institutions from public ones was the religious principle of separation of Church and State. Both now teach the subject field of religion and the only remaining distinction is that the Church related private institution is free to advocate its religious stand. Another reason for the distinction is the cherished privilege of the private institution to be free from the control of the state. With private support it could choose an institutional mission that was secular but focused on a special interest or clientele.

These distinctions continue but the list of commonalities of privates and publics has grown. Both seek to assist their own community with general education and marketable skills. Both provide a stream of graduates for public school teaching and government service. Both offer cultural enrichment to their community through concerts, plays, counseling and library resources. Both provide examples of elitism, alumni traditions and campus settings that make it difficult to tell after a day's visit on campus which caption to affix.

Today most institutions are hybrid. They are a mixture of private and public. Even Harvard University noted several years ago that its annual operating budget contained more public dollars than private ones.

The HEGIS financial report of 50 state universities for 1979 shows a range of 18% to 88% in the state appropriation part of the educational and general budget. This is a remarkable variation as well as a surprisingly large non-state component in some budgets. For the 50 institutions it averaged 45%. Although the titles of institutions as private or public still have value, it becomes necessary to further define the portion of the budget and control that belongs to each. There are many means by which this mixing has taken place. What they are and why they were chosen is a challenging quest.

The purpose of this study is to view from a national perspective the various patterns of private-public relatedness that institutions have adopted — in particular, to focus on those institutions that have made significant recent changes and to discover the range of these accommodations. The dynamic relationship of an institution and its environment suggest the need to be aware of all the options and the timeliness of making changes.

Such a national perspective may be of value to a State planning group or to a particular institution reviewing its options. The first Exxon Corporation-sponsored conference in Connecticut allowed five models of successful accommodation to a new private-public relatedness to be discussed with a small group of concerned Connecticut leaders. A second conference is planned to discuss these models and this national overview.

This broader perspective may be of service to institutions such as the University of Bridgeport as it seeks its own future in terms of a relevant institutional mission and a consequent reappraisal of its private-public status. There are a number of Bridgeport-type situations in the United States. And because so much of the funding and program approval in all States is interwoven among its institutions, the decision of one institution touches all the others.

The periodic review of institutional private-public accommodation is a responsibility of the institution and the State. Not to do so is to rely on institutional crisis or prolonged underservice to trigger readjustment. This is unduly restrictive and traumatic. Looking at successful accommodation elsewhere is a means of stimulating thinking and encouraging open discussion of institutional accommodation with a State in an environment that has increasingly become a zero-sum situation for higher education.

With shifts in state population and student interest it is not unusual for geographic areas of a state to be over or under extended in

public facilities for postsecondary education. Likewise, private institutions, particularly in urban areas, can take on a public responsibility, then find that their high tuition cost prevents the potential urban student from attending. Implicit in a number of examples of accommodation is a refreshing flexibility in the definition of public and private and a practical approach to adapting existing institutions to changing situations. ■

New Sectors of Postsecondary Effort

The total postsecondary effort in the United States is a large movement with several newer sectors. Some 30 million Americans engage each week in some form of postsecondary education. Many are working and not a few are over 35. Fully half of these students do not attend traditional institutions. Historically, two major fixed resources characterized the institution of higher education: the campus and the faculty.

These twin stabilizing entities representing the institution are facing important challenges. By a kind of flanking action the movement of population, the changing expectations of students and employers and the development of remote learning such as television courses are modifying the primacy of traditional fixed resources. Patterns of public funding and tax relief have a subtle influence as they move subsidies from the institution to the individual. Lifelong tenure for a faculty member does not hold if no one enrolls. Industry and the military move their educational centers with their plants and bases. Thus the combined forces for change surrounding postsecondary education press for further accommodation of the traditional forms of educational institutions. Credits like cash are collected many places and do not have much of a private-public label.

One relatively new and growing sector of postsecondary activity is the organized efforts of industry, labor, government and business. It operates in plants, museums, hospitals, overseas military bases and computing centers. Its operational cost is estimated in the ten billion dollar a year range. Usually there is no tuition cost. The course work is often done on company time and on company property. Its purpose is to add to the employee's usefulness, promotability and cultural enrichment. This sector combines private and public sponsors with little notice of the distinction.

Another growing sector is the collective effort of self-motivated individuals who are now able to translate this effort into credits and degrees. By equivalency examinations and achievement portfolios they are able to demonstrate to statewide assessment centers the validity of their experience for academic credit. The faculty members who make these evaluations are drawn from various institutions. Thus the distinction of private-public is again blurred.

What had been once thought of as the ivory tower of the academe is now commonplace and indigenous. Everyone now participates, from the military to labor unions. The credits can be brokered in many ways. The gridiron on which institutions play the game has been reshaped and enlarged. The "established" institution could confront gridlock, unable to maneuver because of fixed commitments. Among these commitments are:

1. The pressure to stay in business as usual, the constraints of alumni, indebtedness, a tenured faculty, gifts given for specific purposes, and self-perpetuating trustees.
2. Not to move the campus because it involves millions of dollars of investment and who would buy it anyway. The faculty lives there and the town would suffer greatly.
3. Traditional degree franchises that might not be easily available elsewhere if given up. Recent evidence indicates they can be bought and sold.
4. Fairness to other institutions: a private institution considering going public is made to feel it is selling its birthright and not acting in the best interest of sister institutions. Public institutions see it as getting a share of their resources without a full commitment to public service.
5. One kind of management meaning either private or public but not a joint venture. Yet examples of both public and private units under single management exist.

These, however, are self-imposed commitments.

An interesting exercise in mind stretching could be devised by asking a

statewide planning group what institutions it would create if the total state funding for postsecondary education remained the same but all the institutions in the state mysteriously disappeared. This is highly imaginary but it has the virtue of Rawl's theory of justice of not knowing what the vested institutional interests were. The citizens of the state would get the system that would best serve their needs. It is impossible to objectively consider a very different system when billions of dollars of assets are now in place. The exercise must soon return to the practicality of modest adjustments but we are the better for having seen, if only briefly, what might have been. Even if we did it all over again it might be right for the eighties but wrong for the next century. But the fresh air the concept invites is worth thoughtful consideration before returning to the task of patching and melding of resources that we do with all of our social institutions.

Rising from the ashes would be a Phoenix. There would be some concentration of resources and some dispersal . . . maybe not the 3,000 futures of the Carnegie Council. There would be teachers, and dialogue as well as machines and retrievable resources. The campus of the future might include the partners now stretching hard to keep in contact — the museum, hospital and industry. The need to balance dreaming and practical accomplishment, to do a degree in one year or 10, to separate the best minds for fast tracks and apt peers from lesser learners would rest not on an establishment which it is easy to criticize but on us all. The privilege of some states with good tax resources to provide only half the resources for postsecondary that other states do might be questioned. And should we have national universities? Is the Canadian system of accommodation of private-public higher education as good as ours? We would return to looking at the options for our present institutions with a somewhat larger perspective than before. At least being convinced that a perfect world does not arise from fiery destruction, we should be more content to deal with doing more with less. ■

Substantial Shifts in Private-Public Relatedness

Almost all of the 3,134 postsecondary institutions can be considered hybrid; however, about 80 have faced substantial shifts. Forty-three have done it by changing from private to public or from municipal to state relatedness. Some were former medical schools, seminaries or trade schools. Twenty-seven state universities have increased their non-state income so that it is now more than the amount they receive from the state. Much of this income is from tuition, private gifts, sponsored research and auxiliary enterprises. Ten private universities have increased their public income so that it is a substantial portion of their total income. This is an arbitrary grouping but it does represent three important streams of cross-flow of private-public accommodation. The cross-flow is overwhelmingly from private to public relatedness. The five models which are the subject of this study have been taken from this group.

A wave of change took place in mid-nineteenth century when the Morrill Act made land grants available. The colleges that accepted them or were founded because of them became decidedly public — except for Cornell University. This important public gift of resources became a means of defining their mission as public and of defining their boundaries as those of the state. Approximately seventy campuses contain these programs now enrolling some two million students.

There never was a similar "Urban Act" but in the mid-twentieth century, with the large expansion of higher education, a number of large urban private institutions with an urban mission received public money to carry out their mission and the private-public mix of these institutions changed. Temple University and the University of Pittsburgh are examples. Municipal institutions, often with private roots, became state affiliated. Akron, Youngstown, Louisville, Cincinnati and Detroit (Wayne State University) are examples. Occasionally the process worked in reverse and a private university in an urban area became more private, serving a clientele far beyond the city but resident in it. Columbia University, Carnegie Mellon University, University of Chicago and the University of Southern California are examples.

Over the years many subtle influences have caused private institutions to take on "public" responsibilities. Early in their development the preparation of teachers for the public schools was assumed. Research projects later subsidized by the government brought them public grants and equipment. Preparation of military officers and government leaders was considered a patriotic responsibility. They enjoyed a nonprofit status and property tax relief. For a time they enjoyed freedom from taxation on properties unrelated to education and on small businesses. Public grants to students and to the institution such as Bundy money involved them further with the state. Clinical programs, the training of doctors and nurses, and R.O.T.C. blended public and private funding into an almost seamless garment.

Thus a private institution serving the complex needs of an area over a period of years finds itself involved in public service. It becomes increasingly difficult to provide this service without the comparable support of a public institution. The shift to public service without comparable public support is subtle. Unless the institution is well endowed it can lead to an erosion in quality of other programs. A graduated list of accommodations to this dilemma is proposed.

1. Abandon public service — retain private role only and actively recruit an appropriate clientele from a wider area.
2. Reduce public service — retain the private role mostly; use high tuition and other requirements as a barrier to urban demand.
3. Contract with the State for public service — agree in a contract to the fair share of public responsibility.
4. Contract with area colleges for public service — create an urban center for several institutions to use with one acting as host. (Quad Cities model)
5. Share campus with a public institution — Lease space for two year or other institution to serve an unmet need.
6. Sponsor a new public institution and agree to manage it — this is an example somewhat like Rio Grande College or Cornell University.
7. Reorganize as a state related institution — manage both the private and the public function with private management.
8. Yield location to the State — sell campus and relocate or use proceeds to develop foundational approach — or become a state university. ■

Five Institutional Accommodations to Private-Public Relatedness

Of the 80 or more institutions that have made important shifts in private-public relatedness in the last century or so, five have been selected because of the variety they represent and the willingness of the institutions to write a history of the experience. We are fortunate to have in these choices people who know their institutions well and who have written with clarity and enthusiasm. These are successful ventures from which we can learn.

Cornell University is a major research university located at Ithaca, N.Y. It is identified as a private university but it is heavily involved in public education in terms of its four land grant colleges. We are fortunate in having the former Vice President for Land Grant Affairs of the University prepare this history. Constance Cook, a Wall Street Attorney, a member of the New York Legislative Assembly and Chairperson of its Education Committee brings to this assignment an impressive record of academic leadership and public experience.

Temple University is a doctoral degree-granting university in Philadelphia with a heavy commitment to the working class of the city. It has been designated a state-related institution by Pennsylvania. Its large enrollment and complex medical facilities make it an important resource for the city and the State. David V. Randall, its University Counsel, has captured in his account of the transition to state relatedness, not only the legal adroitness of the architects of this change but also the reasonableness of the new status. His story parallels in many important ways the transition of the University of Pittsburgh to state-related status.

The University of Delaware is the only

doctoral degree-granting university in the State and therefore, serves both a public and private function. Although it is listed as public and a land grant university, it receives more of its annual income from private than from public sources. Unique are its size of endowment and its level of annual corporate giving. G. Arno Loessner, University Secretary and Executive Assistant to the President, has given a sensitive and insightful history of an institution beginning as a small Presbyterian college and then finding its way to a much larger mission. He has a wealth of experience in urban affairs and serves as permanent representative to the United Nations for the International Union of Local Authorities.

New College of Sarasota, Florida is the continuation of a former private four year college with strong liberal arts emphasis. It sought accommodation with the University of South Florida and became, after negotiation, a special campus emphasis of USF, retaining its distinctive program and faculty. The Provost of New College, Eugene Lewis, is well acquainted with this landmark transition. From a background in political science and a private college deanship, his perspective on this unusual accommodation is particularly compelling.

Rio Grande College, Ohio has sponsored the development on its own campus of a public community college, Rio Grande Community College, to serve at low cost the needs of the surrounding rural Ohio River valley community. The story of the building of facilities, coordination of the activities of the two institutions and the legislative steps leading to this joint activity is told by Herman Koby, the Treasurer and only paid employee of the Community College, who was formerly the dean of Rio Grande College. There are few nearby colleges so the partners have had to work things out on their own.

These five histories, condensed from the originals, are illustrative of the rich variety of individual differences in private-public relatedness. They represent an interesting cross-section of the 80 institutions that have encountered what might be called important mission accommodations. ■

Cornell University

Constance Cook

Background

Cornell University is unique in the nation as a large university which includes some colleges funded from private sources and some from public sources. The colleges receiving their support primarily from private funding, referred to as endowed colleges, are Arts & Science, Engineering, Architecture, Hotel Administration, Law, Medicine, and Business & Public Administration. As the Land Grant Institution of the State of New York, Cornell receives funds for programs designated by Congress for such institutions. Most federal land grant appropriations relate to teaching and research in agriculture, teaching the "mechanic arts," and to the administration of the state's Cooperative Extension Service and agricultural experiment stations. Cornell also administers four colleges for the State of New York; i.e., the New York State College of Veterinary Medicine; the New York State College of Agriculture and Life Sciences; the New York State College of Human Ecology; and the New York State School of Industrial and Labor Relations, referred to as statutory colleges. These four colleges are constituent parts of the State University of New York and are also integral parts of Cornell University.

Cornell is a private university, although the Governor appoints several members of its Board of Trustees and the Governor and several state officers are ex-officio members of its board. Its administration is complex, decentralized with a high degree of autonomy in each of the colleges. In spite of a slightly ambiguous legal framework and anomalous political relationships, the unversity has thrived and has made a major contribution to the development of higher education in the nation — in spite of, or perhaps because of its isolated location amongst the picturesque hills of the Finger Lakes of New York State.

On April 27, 1865, a bill constituting the Charter of Cornell University was signed by the Governor of New York. The Board of Trustees met the next day in Albany. From that day to this, Cornell and the State of New York have been tied in a respectable and fruitful, if not always harmonious marriage.

Fundamental to the founding of Cornell was the drive of the early settlers in America to better themselves, intellectually as well as materially. American interest in practical education and research in agriculture and

mechanics pre-dated the Revolution. It was recognized early that public support was essential to the establishment of agricultural colleges and technical institutes.

Several unsuccessful attempts were made to found such colleges in New York State. In 1862 the Morrill Act passed and brought to fruition the previous efforts in New York. A year later, the New York State Legislature passed a bill creating Cornell and designating it as the state's sole beneficiary of the Morrill Act.

Cornell's creation and its greatness can be attributed to the concatenation of several factors including the enactment of the Morrill Act; the dream of Andrew D. White to found a university that would teach modern literature as well as the classics free from sectarian or partisan control; and the question that Ezra Cornell put to White, his junior colleague in the Senate, i.e., "I have about a half million dollars more than my family will need; what is the best thing I can do with it for the state?" Suffice it to say that the University which was born in the state capital, parented by two state senators, and attended by numerous political midwives has been remarkably free of political influence and control. It has developed a healthy relationship with its state, and with federal and local governments.

The original legislation designated Cornell as the state's land grant institution and entitled it all of the scrip for western lands allotted to the state. The *quid pro quo* for the land scrip was the requirement that Cornell give the people of the state a direct return by educating one student from each assembly district. The original charter also had several provisions that provided the state with some supervision over management and fiscal practices. The university was made subject to visitation by the Regents. The legislature itself retained the right to approve all encumbrances and alienations. Finally, all payments out of the treasury of the state were to be made by the Treasurer on the warrant of the Comptroller

Appeal to the State

By 1892 funds were so short that Cornell's new President Jacob Gould Schurman converted his inaugural address into "An Appeal to the State for Aid." He asserted that the state had never given Cornell one cent of its own money, while the university had been required to give scholarships to New York students at an annual cost of $150,000.

Schurman laid out a careful political strategy. In the following session the legislature voted $50,000 for a dairy husbandry building. The following year, the legislature voted an appropriation for buildings and operating costs of a new College of Veterinary Medicine. Schurman laid down two corollaries which have been adhered to more or less to this day. First, the entire support for the colleges must come from the state. In recent years federal and private support, including tuition, has matched or outstripped the state, but at least support does not come from general university funds in a significant amount. Secondly, the Cornell Board of Trustees would control its operation, prescribe entrance requirements, fix the course of study, choose faculty and fix salaries. This formula became the model for other colleges established at Cornell and remains the basis of the relationship with some modifications which will be discussed below.

Schurman, in his appeal to the state, consistently referred to Cornell as the "people's university" and the "State University." His appeal was for and to all departments but his efforts were directed towards those which served agriculture. Undoubtedly that was where the greatest political support could be found. Cornell's liberal arts and professional schools remained "private" while the colleges which sprang from agricultural studies (agriculture, veterinary medicine and home economics) became "publicly funded." These are exceptions. The hotel school developed as a department of the College of Home Economics and later became an endowed college. (The terminology used at Cornell is not "public" and "private," but "endowed" and "statutory.")

Schurman's decision to drop his demands for funding for the total program of the university was a fortuitous one. It enabled state funds to be concentrated in agriculturally related fields. As a result the statutory colleges at Cornell were able to develop the firm foundations that have given them national prominence. Furthermore, an appeal for general funds would have incurred opposition of the private colleges in the state which were numerous and well established.

Reorganization of State Government.

Two systems of educational administration were finally brought together with the

Unification Act of 1904. The formerly independent Department of Public Instruction merged with the University of the State of New York into a single Education Department under the Board of Regents. The Commissioner of Education was the chief administrative officer appointed by the Regents. The Regents retained all their historic powers in relation to colleges, universities, professional and technical schools, libraries and museums, while the powers and duties relating to secondary and elementary schools devolved upon the Commissioner in an independent fashion.

In 1925 a constitutional reorganization amendment passed and the state's 75 sprawling departments and agencies were compressed into eighteen departments. It was generally agreed that Cornell and its statutory colleges should fall within the jurisdiction of the Education Department. An understanding between the President of Cornell and the Commissioner of the Education Department was written into law. The state colleges were subject to the supervision of the Education Department but Cornell continued to administer them and to have control and custody of the property. General supervision over the requests for appropriations, budgets, estimates, and expenditures of the colleges was given to the Department, but Cornell retained its specific rights over salaries, admissions and academic matters.

While these changes made reporting requirements uniform for all colleges, they also raised a question about Cornell's right to present the budgets of the state colleges to the Governor and legislature, and whether it reported directly to the Commissioner or through a subordinate office which was responsible for other state higher education institutions. The questions related almost exclusively to financial, not academic matters and appear to have been resolved with a minimum of controversy. Cornell continued to present and support the college budgets and to report directly to the Superintendent.

Founding of S.U.N.Y.

After the turn of the century public pressure began to build up for the state to provide more free higher education. Neither state policy makers, academe nor Cornell itself perceived Cornell as the state university. The return of the veterans of World War II with their GI Bill of Rights resulted in the decision to establish a state university. The bill establishing the State University of New York included in the new university all existing state public higher education institutions, teachers' colleges, agricultural institutes, technical institutes and the contract or statutory colleges at Cornell and Alfred Universities.

Cornell recognized the need to enlarge the educational opportunities of citizens of the state. Apparently, it did not want to assume the responsibility of doing so. Nor did it want to stand in the way of the development of a state university. However, neither did it want to lose its preeminent position in the state.

The new State University Charter injected some ambiguities into the law when read in conjunction with the Cornell Charter. As a matter of fact, there was little change in operations at the state colleges at Cornell. The first Vice-Chairman of the State University was at the same time Chairman of the Board of Trustees at Cornell. The editor of the *American Agriculturist* was a Regent and a strong supporter of both SUNY and Cornell. The state Budget Director left state service and became a vice-president at Cornell. The new Budget Director was a former professor in the College of Agriculture, who was to become a major influence in New York State politics, particularly during the Rockefeller years. In addition, many legislators were graduates of the College of Agriculture or the Cornell Law School. In short, Cornell's ties to state government, formal and informal, were extensive.

State Fiscal Conditions.

Governor Rockefeller made it a personal objective to improve the quality of education in the state. He embarked upon a program to upgrade the State University system, and succeeded in reconstructing the entire physical plant, building several new campuses and attracting scholars of renown to the State University. The student aid program was redesigned and expanded, student loan guarantees were granted and direct institutional grants, known as "Bundy Money," were made to private non-sectarian schools.

The goals of the state were met but the cost was enormous. By 1974, the problem of financing higher education became ominous because statistical tables clearly showed that the number of high school graduates would decline in New York State by one third by 1990. Nevertheless, pressure to maintain or increase expenditures comes from associations of colleges and universities, faculty, students,

unions, the construction industry, educational publishers and even upstate local governments where the principal source of income is the college in their area.

Currently, the competition for state funds is fierce. Private colleges are pressing for more funds for higher education to be distributed through increased Bundy Money for students. A voucher system for college students has been urged. SUNY and CUNY have been pressing for a greater share of the tax dollar going to higher education. Most argue that colleges that are keeping up their enrollment are, presumptively, quality institutions and should be supported at a rate in keeping with inflation. Others, composed of those interested in colleges facing closing, argue that the institution must be maintained for community reasons, if not educational reasons. A few private colleges have closed in the state, but no public ones as yet.

It is the task of the state buget director to put together a constitutionally mandated balanced budget. Since the funding formulas used by the budget office are primarily enrollment based, some consolidations and reductions have occurred where there have been declines in enrollment in units of the State University.

Competition among the units of the State University is also intense. Since the statutory college budgets must be submitted through the State University and funds are appropriated and cuts are allocated to SUNY for the colleges at Cornell, there is bound to be tension. Problems to date have been resolved on a staff level and without going to the trustee boards or the legislature. ■

The Model

Cornell University was created by an act of the New York State legislature as a private corporation and it remains such to this day. The same act designated it as the recipient of the state's share of land grant scrip issued pursuant to the first Morrill act and subjected it to the obligations of that act: namely, to teach branches of learning related to agriculture and the mechanic arts, including military tactics, without excluding other scientific and classical subjects.

The university has taught agriculture, first, through a department, then through a college and finally, since 1904, through the New York State College of Agriculture and Life Sciences. Cornell administers that college pursuant to the statute creating it, as amended, and through administrative arrangements and agreements with SUNY and other departments of the state.

The university has taught mechanic arts through its College of Engineering and through the Department of Agricultural Engineering in the College of Agriculture and Life Sciences. Military tactics are taught by the Department of Military Science, which is unusual in that it is not attached to an existing college, but reports to the Provost. There is another aspect of the land grant obligation which stems from the purpose of the act, namely "to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life." While this obligation is usually seen as being fulfilled through the administration for the state, local and federal governments of the cooperative extension service, it is seen by Cornell as an obligation to take the fruits of research and scholarship at all of its colleges to the public as soon as possible. Consequently, close communication with government and public institutions has been a way of life at Cornell from its beginning.

The Statutory or Contract Colleges

Similar statutes relate to the four colleges: New York State College of Veterinary Medicine at Cornell University; New York State College of Agriculture and Life Sciences at Cornell University; New York State College of Human Ecology at Cornell University and New York State School of Industrial and Labor Relations.

GOVERNANCE. Section 5711 of the Education Law provides that the "New York State College of Veterinary Medicine at Cornell" shall be "under the supervision of the state university trustees." The same language was in the statute prior to the creation of the State University except that the Education Department was the supervising agency. The section relating to the governance of the College of Human Ecology is slightly different. It states that the college is "under the management and control of Cornell, subject to the supervision of the state university trustees." The School of Industrial and Labor Relations, the last school to be created, had another variation. Its statute provided that Cornell University, "as the representative of the Education

Department shall administer the school." There is some evidence that the term "representative" was chosen to avoid establishing an agency relationship. In spite of the variations in statutory language, the four colleges have been treated the same by Cornell, SUNY, the Regents and the Division of the Budget.

After 1948 the State University trustees were substituted for the Education Department. A provision was added, however, to the SUNY charter which has been a source of confusion, i.e. "Statutory or contract colleges shall continue to be operated pursuant to this chapter (the Education Law which includes the Cornell Charter) but such colleges shall be subject to the general supervision and control of the State University controls." While there has been some interest recently in clarifying the statutes, SUNY and Cornell have proceeded on a day to day basis working out necessary arrangements.

In general it can be said that problems relating to governance are usually ironed out through conference and compromise when the conflict stems from differences between Cornell and SUNY or state agencies. Problems stemming from "outsiders" such as an injured third party, a student activist or a disgruntled employee, if resolved in court, tend to create operational difficulties. As our society becomes more litigious, resort to courts is becoming more frequent. It may be necessary for Cornell and SUNY to articulate their relationship more clearly either through statutory amendments or a written contract.

PROPERTY. The Cornell Charter provides that all buildings and property at the colleges erected or furnished by the state remain the property of the state. When the state appropriates funds for building purposes, the land upon which the building is to be erected is deeded by Cornell to the state, usually without compensation to Cornell. Most of the campus, other than the land on which state buildings are located, is owned by Cornell. There is little space on the campus for new buildings, so as a practical matter buildings are erected where needed and land is transferred accordingly. A legalistic approach is not taken to over-all development. Title is not as important as the needs and convenience of students and faculty in determining where the new construction will occur.

As will be seen throughout this description of state relationships, there is always an effort on all sides to achieve the educational objectives and work out technical details later. While territorial disputes do flare up on occasions, they have rarely hampered the development of the university. None the less, the lack of clear jurisdiction does create nightmares for administrators, particularly when reports are required. Is state-owned property at Cornell to be included in Cornell's assets when describing its facilities to the public? Are Cornell-owned buildings used by statutory colleges to be included as part of the State University? At least the statutes clearly give Cornell the "custody and control" of the buildings. The employees who maintain them and guard them are Cornell employees, not state employees.

Cornell is very particular about facilities that are to be erected on the campus. Many aesthetic and practical problems have to be resolved with each new building start. Every effort is made from the very beginning to collaborate on construction plans. As might be imagined, when three large bureaucracies embark upon a joint venture, there are many gaps and overlaps, to say nothing of an occasional ruffled feather.

The process of obtaining approvals for building is cumbersome if state funds are used. There are many interested parties: the academic department, the college, the Cornell facilities office, the Cornell Board of Trustees, the SUNY Facilities Office, the SUNY Construction Fund, the SUNY Board of Trustees, the Division of the Budget, and the legislature. Progress is slow and objectors have many opportunities to materialize.

ACADEMIC PROGRAMS. This area of university life is probably the one which presents the fewest problems between Cornell and the state. The original provisions of law clearly give Cornell control over academic programs at the statutory colleges, and there seem to have been few challenges to Cornell's authority. The absoluteness of the language is, as a practical matter, modified by at least three major processes: the formulation and execution of the budget; the adoption of the state master plan for higher education; and setting of salaries of academic and other employees.

When the State University was created the distinction was drawn quite clearly between the academic responsibilities of SUNY for state-operated colleges and for the statutory colleges. The SUNY charter limits the power of SUNY trustees "to regulate . . . curricula and all other matters pertaining to . . . opera-

tion and administration" of the state-operated institutions.

SUNY is authorized to grant degrees and diplomas only at state-operated campuses. Students at the statutory colleges receive Cornell degrees. SUNY regulates admissions only at the state-operated campuses. At Cornell, students apply to a particular college through a central admissions office. Each college, endowed or statutory, makes the final decision on admissions. Tuition and fees are established by SUNY trustees only for the state-operated colleges. The Cornell Board of Trustees establishes the tuition for the statutory colleges after prior consultation with the SUNY Board of Trustees. All other fees and charges are fixed by Cornell.

The SUNY charter did make one important change with respect to academic affairs. The SUNY board was required by statute to approve the appointment of the head of each statutory college. As a practical matter, Cornell conducts the search. The SUNY administration is kept advised and reactions and suggestions are invited. The candidate may or may not be interviewed by SUNY. The Cornell board appoints the dean, subject to approval of the SUNY trustees.

PLANNING. The Regents, subject to the approval of and modification by the Governor, have overall responsibility for planning for higher education in the State of New York. The Regents are required by law to ask the SUNY trustees, the New York City Board of Higher Education, and each independent higher educational institution to submit long-range master plans for their development every four years. The charter of the State University requires its trustees to revise its plan for "the State University" every four years. The statutory colleges are not specifically mentioned, and meeting the statutory obligations with respect to planning has presented some dilemmas. Until recently master plans have not been of great concern to the private sector. Consequently, the lack of clear procedures for the statutory colleges has not presented a problem.

In practice Cornell files its master plan two ways. The university submits a plan which includes all of its colleges. Since the statutory colleges are integral parts of the university, a plan without them would be meaningless. For example, required courses in English, physics, chemistry and some social sciences are taught in the endowed colleges for all students. The university plan is filed through the Commission of Independent Colleges and Universities, a private organization which is designated by statute to advise the Regents. The State University also includes the statutory college in its plans. The colleges furnish the necessary information to both entities. The main problem is one of using compatible definitions, e.g. part-time students, credit hours. Over the years accommodations have been reached and the information is not counted twice in the final state master plan promulgated by the Governor.

BUDGET PREPARATION. More important than planning is the setting of priorities in the formulation of budgets. Governmental budgeting is a mysterious process at best. At Cornell it is unbelievably complex. At any given moment the statutory colleges are involved in three different state budgets: (1) accounting for the previous year; (2) executing the current year usually with expenditure ceilings and savings factors that involve constant monitoring; and (3) preparing budget requests for the coming year. Because of legislative delay and the number of approvals that have to be obtained, departments start preparatory requests in January for funds which aren't available for spending until the fall, eighteen months later. At the same time the colleges have to budget and account for expenditures from federal funds and from other sources called "College Income Funds."

At its annual meeting the Cornell Board of Trustees examines and approves a single budget which includes all funds of all of the colleges, statutory and endowed. A single budget and final account requires the coordination and adjustment between the state and endowed systems.

There is a separate business office at Cornell for the statutory colleges. It coordinates the requests of the colleges and monitors expenditures to assure that ceilings and savings factors are met. Each college has its own business office which follows the procedures of its own college for establishing priorities and allocating funds. The college dean plays the leading role, with the faculty sharing in the decision-making according to customs of each college. The Provost, almost always in the company of the deans, presents the budget to the Cornell trustees and to the SUNY administration. The SUNY Vice-Chancellor for Finance and Business incorporates the Cornell requests into the SUNY budget and presents it to the SUNY trustees. Finally, the Provost, the Vice-Chancellor and usually the college deans

present the budget to the state Budget Director.

Funds are appropriated by the legislature to SUNY with line items for specific colleges. SUNY receives, however, substantial sums that fall outside the lines allocated by the legislature. An example would be funds for rehabilitation and repair of buildings, or, in the past, for program enrichment. More often, nowadays, a cut is imposed upon the State University. The question always is how much of the increase or the reduction is to be allocated to the statutory colleges.

BUDGET CONFLICTS. Obviously budgeting is the area where relations between the State University and Cornell become strained most often. The problem has been compounded in recent years by the inability of the legislature to adopt a budget on time. At times it seems as if the system will break down because of delayed schedules, the lack of clear lines of authority, the autonomy of the colleges, the dual nature of Cornell. It has worked primarily because a lot of people have wanted it to work. Annually problems flare up with SUNY, with the Division of Budget and with the legislature. Cornell's closeness to the people through its land grant responsibilities helps convince the most doubtful that the statutory colleges are performing functions vital to the state and they need to get on with their work.

The statutes relating to the budget process are of little help in resolving conflicts. The SUNY charter provides for the "review and coordination of the budget and appropriation requests of all state-operated institutions and statutory colleges," the combination of these requests with certain other requests into a university program budget, and the transmission of such budget to the Governor with a copy to the commission of education. When that language was written, there was greater concern about limiting the power of the Regents over the SUNY budget than in controlling the statutory colleges. The charters of statutory college statutes were not changed except to substitute the SUNY board for the Board of Regents. As a result ambiguities as to budgetary powers exist between the old Cornell charter and the new SUNY charter.

Previously, Cornell's budget requests had been submitted through the Regents. They were usually forwarded unchanged to the Governor. Cornell followed the progress of its requests through the Governor's office and the legislature. Stories are rife about that process. Often each dean went to the Capitol to explain and support his or her college's request. After the creation of SUNY, substantially the same process prevailed. Frequently lobbying was done jointly with SUNY. Both institutions supported each other. Rarely, if ever, have the two institutions disagreed in public. In the early days of the State University, there seemed to be few problems. In the late '60s, however, budget problems became severe in the state. The actual costs of reconstructing the State University outstripped the estimates. Student disruptions created further loss of public support. The legislature reacted with demands for greater accountability.

In addition the Comptroller, the Division of the Budget and the legislature were interested in modernizing the accounting systems of the state. When SUNY computerized its budget process, the statutory colleges conformed substantially to the SUNY system although they are not an integrated part of it. Eventually the endowed side of the university made changes which made accounting procedures for all colleges fairly uniform. While there may have been some fears that the state was unduly influencing the university, on the whole the changes were needed and useful. On occasion the necessity of conforming to the SUNY system has been helpful to both institutions. In accounting and in several other areas a symbiotic relationship exists. As each institution advocates its own position, the product is improved and both benefit.

There is a host of areas where co-ordination is required. Purchasing is done by the university for all colleges. The Cornell purchasing office follows the state guidelines fairly closely for both the statutory and endowed colleges on the ground that it is good business practice.

BUDGET AND PERSONNEL POLICY. Some personnel policies tend to parallel those of the state. Statutory employees at Cornell do not seem to perceive that the situation for them would be better if the colleges were state operated. Only recently have serious questions arisen concerning the fact that the employees at Cornell are employees of the university, a private corporation and not of SUNY, a public corporation. Many years ago Cornell and all of its employees, statutory and endowed, were held to be subject to the NLRB, not the state public employment laws which are applicable to SUNY employees. This year for the first time a collective bargaining unit has been formed which includes

employees in both statutory and endowed colleges. The appropriate manner of funding the prospective agreement is under study at this time.

There have been two areas concerning employees where uniformity has been particularly difficult to approximate,i.e., wage rates and retirement benefits. During the Depression, the State of New York classified its employees and established minimum salaries. This law did not apply to the employees at the statutory colleges until after World War II. The law is amended annually and is commonly referred to as the "salary bill." It contains separate provisions for positions at the statutory colleges.

Cornell and Alfred have more power to classify positions and determine salaries than exists at the state-operated units. Their actions are, however, expressly subject to approval by the SUNY Board of Trustees and the Division of the Budget. In recent years SUNY's activity in supervising salary schedules has increased. Again, the principal motivation was not any fundamental need for supervision but rather pressures for uniformity from the Division of the Budget. Furthermore, as accounting systems were modernized, the old unwritten agreements and vague understandings had to be clarified and defined. Bureaucracies grew in both institutions demanding "clear rules and regulations" and then interpretations, and consequently more rules and regulations. Discussions have been going on recently between Cornell, SUNY, the Division of the Budget, and sometimes the Comptroller and the Regents with the object of developing a less cumbersome system through contractual agreement or amended statutes.

Retirement benefits are a source of confusion on campus and elsewhere. In the 1930s a special law gave employees at the statutory colleges at Cornell (and some other state-related institutions) the option of joining the system. As a result, the university has two systems. It endeavors to equate benefits for all employees, a difficult task since the state negotiates benefits for employees in the statutory colleges.

BUDGET AND ACCESSORY INSTRUCTIONS. A perennial major source of difficulty involves the amount the state appropriates to Cornell for accessory instruction, i.e. the teaching of statutory students in the endowed colleges and vice versa. In 1979-80 the net cost to the state exceeded $3.2 million. In recent years the state has not fully reimbursed Cornell for its charges. A new method of arriving at costs for both Alfred and Cornell is being instituted and will be incorporated into a formal agreement.

EXTENSION PROGRAMS IN THE BUDGET. Each of the statutory colleges have conducted extension programs since their beginning. Their significance is often overlooked. The New York State Cooperative Extension Service is administered jointly by the Colleges of Agriculture and Life Sciences and Human Ecology. Cooperative Extension is funded by the state, federal government and counties outside of the City of New York. Extension offices exist in each of the state's 62 counties. Nearly 7 million client contacts are made each year in addition to millions reached through the public media. Cornell extension leads the nation in the proportion of local funds which supports its operation. That support is generally viewed as an indication of the value of the programs. Cornell extension has thousands of adult volunteers. 4-H alone last year had 30,000 adult volunteers working with 700,000 young people. Although its roots are in the rural areas, recently Cornell extension has developed many programs in urban areas. Extension activities of the I&LR school are funded entirely by the state and by proceeds from its activities. It operates throughout the state and is particularly active in the City of New York. Cornell extension is well known and well liked by most public officials. In short, it provides a firm base of public support for the university.

BUDGET AND FINANCIAL AID. The program of direct institutional aid, begun in 1968 by the State of New York to assist private colleges, now costs $93 million. Awards to private colleges are based upon the number and kind of degrees granted. Cornell receives aid for graduates of the endowed colleges only, not the statutory.

The tuition assistance program, Regent scholarships and special opportunity grants to students add up to a substantial sum. Since tuition at the statutory colleges is high, both endowed and statutory students take advantage of these benefits. Cornell is still under the obligation to furnish scholarships to students from each senatorial district.

BUDGET: SUMMARY. While the above description points out some of the difficulties involved in the state relationships, it does not show the advantages from the budgetary point of view. There are two. First, the

statutory colleges have more flexibility over their fiscal affairs than SUNY units. Cornell University is able to conduct business for them free of some of the restraints they would have if they were full-fledged units of state government.

Secondly, the state appropriates substantial sums to the colleges which would be extremely difficult to raise privately. ■

Effects of the State Relationship

Financial Consequences

The total budget of the university is $350 million. (The figures used in this section are approximations based upon budgets or appropriations for 1980.) The combined budgets of the statutory colleges totalled $112 million. The State of New York appropriated $58 million. Federal appropriations accounted for 8% of the combined budgets. Funds for restricted purposes including federal, state and corporate grants and contracts for research amount to $28 million or 24% of the budgets. The balance, called "college income funds," comes from tuition, gifts, and sales of publications and miscellaneous sources. The statutory colleges receive additional financing from state appropriations to state agencies. The principal items are $2 million for Cooperative Extension in the local assistance budget and $18 million in pension costs appropriated to the state retirement system. The SUNY budget for 1981 will run about $1 billion. The appropriation to the statutory colleges usually constitutes 6-7% of the SUNY appropriation. The statutory colleges receive, however, a much larger portion of the state appropriations for organized research ($19 million out of a total of $27 million.)

The sale of New York's land scrip produced about $700,000 which was deposited in a special fund of the state treasury at an annual interest rate of 5%. Decades ago Cornell and the state agreed to abolish the fund in return for the state's paying in perpetuity an amount equal to the interest or $34,429, providing a firm foundation for the Cornell Endowment Fund which now totals $400 million.

More important than the land scrip were the continuous appropriations of funds by the federal government to Cornell, as the state's land grant institution. Nearly $11 million were received last year for such purposes from the federal government. That sum does not include millions for organized research. Most of the federal "land grant" money goes to the colleges of agriculture, veterinary medicine and human ecology.

Educational

On the whole the educational consequences of the above described relationships with the state have been excellent. It might be speculated that the humanities and the arts at Cornell would have won greater recognition if emphasis had not been so great on more practical studies. Still, Cornell's contribution to education in this nation has been significant and the state's role in its development has been substantial. It must be concluded that the relationship has been a success.

Administrators (at Cornell, in SUNY, in Albany), trustees, department heads and others involved with Cornell's inner workings on a day-to-day basis generally agree that its relationship with the state has produced fine results but that lines of authority need to be clarified and procedures need to be streamlined.

Achieving change is not easy. In its early days, Cornell had two state senators as founders and there was little need for additional conduits to the state Capitol. As time passed, Cornell felt neglected by the state and several different arrangements developed. There were times when the colleges appeared to be competing against each other. Presently, Cornell is trying to coordinate its efforts in Albany, establish priorities at home, and present integrated budget requests and legislative proposals to the legislature. Cornell works with SUNY, but also works independently. Similiarly it works with the Commission on Independent Colleges and Universities on some issues (student aid, Bundy Money), but always maintains a separate position. It never wants to appear to be opposing the public institutions in any way. Its attitude currently is that it is important to protect and improve its present relationship with the state in all of its aspects.

Neighboring Institutions

There were no other institutions in the area

at the time Cornell developed its relationship with the state. Ithaca College was established later and the Tompkins-Cortland County Community College in the 1960s. Both benefit from the human and educational resources located in the area because of Cornell. Cornell benefits from them, particularly in their removing some of the pressure for admission from local residents, a problem that has bedeviled publicly supported institutions in other areas of the state. There is a growing amount of sharing of facilities and cross enrollment.

If one includes Syracuse University as a neighbor, a different ambience might be perceived. Ever since 1903 when the legislature refused to fund the college of forestry at Cornell and eventually (in 1910) re-established it at Syracuse, there have been occasional differences between the two institutions.

The State University System

Leaving aside the fact that the existence of Cornell may have delayed the development of a state university as previously discussed, its presence seems to enhance rather than detract from the State University. SUNY is the nation's largest system of higher education with 64 separate campuses. Former Chancellor Ernest Boyer used to refer to the four statutory colleges at Cornell as the "stars in SUNY's crown." Furthermore, there is a lot of beneficial interaction. Faculty, administrators, rarely students, deliberate on mutual problems to the advantage of all concerned.

Because Cornell is sensitive to charges of elitism, it has made an effort to articulate its curricula with segments of the State University system. A few years ago it increased its acceptances of transfers from two-year colleges, particularly those preparing for agriculture and engineering. When pressure was intense on all admission offices, some ag and tech institutes wanted to convert to four-year colleges. The move happened to coincide with a state budget crisis. The college of agriculture, working with SUNY administrators, and encouraged by the Division of Budget, made an arrangement where certain applicants to the college could be guaranteed admission to Cornell after obtaining a degree at an ag and tech institute.

There are those who feel that Cornell is a "fat cat" and that money given it should have gone elsewhere. But an occasional remark like that is to be expected in such an enormous operation as SUNY. It can be observed that a university which grew in three decades from 32,000 students and a budget of about $20 million to 348,000 students and a budget over $900 million, does not appear to have been adversely affected by anything. ■

Summary

At the end of his penetrating analysis of Cornell-State relations, Father Malcolm Carron concludes:

> *It is true, as the investigation shows, that the contract colleges of New York originated in an environment quite congenial to their birth and growth, an atmosphere very different from that found in other states of the Union where public supported universities saw an early development. But the success of Cornell's contract colleges, recognized as leaders in their respective fields, is fair enough indication that the State-Cornell alliance in itself has proved practicable and expedient. It is not unlikely that other states might find it possible and advantageous to co-operate with private colleges according to a plan similar to the Cornell-State arrangement.*

As public support for funding of higher education wanes, members of the academic community seem to recognize that they will make more progress by pulling together than by fighting each other. The influential private universities must persuade their political friends that academe cannot thrive without freedom and that the public colleges need to be relieved of some of the unnecessary restrictions foisted upon them in the name of accountability. Similarly, the public institutions have to face courageously the statistics about population declines and consolidate within their own systems and support funding of coordinated programs with the private sector. Far better that academics do it themselves rather than let the politicans and the courts do it for them. ■

Temple University

David V. Randall

Background

The Pennsylvania Commonwealth System

The Commonwealth system of higher education operates by six major parts: 1. 13 state-owned and operated colleges and a university; 2. 14 community colleges owned and operated by local governmental entities under state supervision; 3. four state-related universities; 4. 17 other institutions which now receive direct state aid; 5. an Institutional Aid Grant program which allocates indirect aid to other institutions; and 6. a state loan and grant program for needy Pennsylvania students.

In order of seniority within the Commonwealth system, the four state related institutions are The Pennsylvania State University, Temple University, The University of Pittsburgh, and Lincoln University. For corporate purposes, the historic names of the latter three institutions are followed by "— Of The Commonwealth System of Higher Education."

Although the state-related concept was not formalized until the 1960's it had its genesis a century before in the enactment of the federal land-grant Morrill Act of 1862. The Commonwealth chose a small school in the geographic center of the state as its land-grant institution, the Agricultural College of Pennsylvania. Later its name was changed to The Pennsylvania State College, still later to The Pennsylvania State University. It was and is unique in the state.

Pennsylvania State University

Penn State is a non-profit private corporation. It owns substantial property in its own name, both real and personal. A statute prescribes that public members shall serve on its Board, but the number is proportionately less than those serving currently on the boards of other state-related institutions: of 36 members, six are named by the Governor with the advice and consent of the Senate and three others are members *ex officio*, the Secretaries of the Commonwealth Departments of Education, Agriculture, and Environmental Resources; the remaining 27 Board members are privately elected. The unique status of the University, in addition to, or perhaps in consequence of, its land-grant designation, has resulted in perquisites not conferred on other institutions, whether or not state-related. For example, in 1935 the

Commonwealth enacted a statute bringing Penn State employees within the State Employees Retirement System which was a bargain for Penn State in the pre-inflation years. A more conspicuous example has been conferred by administrative order: the state license plate on the automobiles in the University's considerable fleet is specially designed, carries the University's colors, and is provided with no charge from the Commonwealth.

After the second World War, Penn State embraced with a will its manifest destiny to be *the* state university in Pennsylvania and began opening branch campuses around the state. They now number 21. The other colleges and universities became restive. Penn State posed a threat to their pool of student applicants. Those few private universities which received direct state aid saw a threat to their pocketbooks as well. The University of Pennsylvania had been receiving regular biennial appropriations since 1903, the University of Pittsburgh since 1907, and Temple University since 1911.

The University of Pittsburgh, the University of Pennsylvania, and Temple University

All three, Pitt, Penn, and Temple were private non-profit corporations. Pitt and Penn traced their antecedents to the 1700's. Temple traced its to the cellar of the manse of a Baptist minister in 1884. His name was Russell H. Conwell. He had been a lawyer and was ordained a minister in 1879. He was posted to the Baptist Temple in Philadelphia. He recognized the crying need that working men had for an education and collected a few of them in his cellar to see what he could do about that need.

Four years later in 1888, his collection had grown into a college. He had it incorporated then as Temple College, the incorporators including some of the Philadelphia gentry. The name derived from his church. He was a celebrated, stem-winding orator in days when talk was everywhere. He made millions on a speech he wrote and over the years finely polished into a piece to match his subject, "Acres of Diamonds." Most of those millions were poured into Temple. In 1907 Temple became a university by virtue of an amendment to its corporate charter which had the concurrence of the Common Pleas Court of Philadelphia. Conwell was president of the University until his death in 1925. More than half a century later, his stamp is still on the place. It continues to educate working men and women, their sons and their daughters.

Under the threat of Penn State, the presidents of Pitt, Penn, and Temple banded together and hit the road, speaking to alumni groups, newspaper editors, and anyone else who would listen proclaiming throughout the land the virtues of liberty in private institutional higher education and the need for the public to rally around it. Penn State then began to feel threatened itself and mustered support. Penn State and the state colleges were rural, upstate, "We"; Penn and Temple were Philadelphia, Pitt was Pittsburgh, the two largest urban areas in the state, "They." This schism was not then, nor is it now, easily bridged at the state capital.

The Commonwealth Role

Nevertheless, the three universities pressed on, aided by the love affair which the fickle American public renews from time to time with higher education. The Cupid this time was Sputnik in 1958. In 1960, Governor David L. Lawrence, the former mayor of Pittsburgh and a longtime member of Pitt's Board of Trustees, appointed a Committee to study the Commonwealth's role in the support of education. The Committee reported in March 1961. It concluded that "New students can be accommodated only by expansion — vast, early and rapid expansion." It proposed that Penn State expand its branch campus system, that state-owned colleges be converted into multipurpose institutions, that a program of community college development be inaugurated, that a state-funded scholarship and loan program be instituted, that a State Council of Higher Education be appointed to administer these matters, and that a State Master Plan for Higher Education be developed.

The Study made two recommendations with respect to those institutions receiving direct state aid, Temple among them: one, there should be no increase in such aid until the institution submits to the Commonwealth "a detailed program of education for the 1960's upon which future increased state payments shall be based"; two, and more importantly in the view of Temple which had just embarked upon an ambitious capital construction program:

> *In order to assist both private and public institutions of higher education in expanding enrollment, the state should permit them to use the facilities of the General State Authori-*

ty to provide capital construction loans. State appropriations should as at present provide for the rentals at the Pennsylvania State University, the state colleges, and for community colleges along lines indicated earlier. The Authority should not continue to pay rentals for buildings erected at private institutions of higher education.

Millard E. Gladfelter had become president of Temple in 1959. He and William G. Willis, Vice President and Secretary of the University corporation, then began their slow march uphill on a five year campaign which culminated in the creation of the state-related concept in Pennsylvania and, mirabile dictu, the establishment of a subway city school as a fullfledged partner in the Commonwealth's system of higher education, on a par with Penn State.

During that campaign and afterwards, Gladfelter likened the mission of the urban university of the 20th century to that of the agricultural land-grant institution of the 19th. He said, "We believed philosophically in what we were doing. That's what motivated us to go after a state relationship."

A Master Plan.

The first thing Temple did was to accept the invitation of the Governor's Committee to submit a plan for the 1960's. Using that plan as a basis, intensive negotiation began between the University and representatives of the Governor, the former Pittsburgh mayor, and resulted in an agreement which Gladfelter described in his 1962 report:

To all of us at Temple University, the most significant date in the last academic year was March 7, 1962. This was the day Governor Lawrence signed the new appropriation act increasing State aid to the University. As a result of the new agreement, the close relationship that has prevailed between the Commonwealth of Pennsylvania and Temple University increases in scope and meaning . . .According to the new agreement, the Pennsylvania General Assembly increased the annual appropriation to the University from $2.4 million in 1961-62 to $4.2 million for the current academic year. The University, in turn, admitted an additional 900 qualified students this fall and reduced annual tuition for full-time Pennsylvania undergraduate students from $880 to $780. Annual costs for out-of-State undergraduates were increased by $100. To be as responsive as possible to community need, it was further agreed that in addition to the Governor, the Mayor of Philadelphia, and the Superintendent of Public Instruction, six Commonwealth members will be nominated for election to the University's Board of Trustees by the Governor for specified terms. The charter and method of selection for the remaining Trustees will not be changed.

The *ex officio* members were not given the vote. The total number of voting members remained at 45.

That arrangement might have been fine except that the next Governor, William W. Scranton, an upstater who even lived outside the city named for his family, decided to implement the recommendations of Governor Lawrence's Committee on Education. In 1963 he signed an act which required that any capital construction which the Commonwealth may do on behalf of private institutions, which were principally Pitt, Penn and Temple, would be leased by the Commonwealth to the institution at a rental equal to debt service. This would have been disastrous to Temple's Master Site Development plan. At the time Temple had two buildings in the works. Rental on those buildings would have been $700,000 annually. Gladfelter and Willis went back to work.

The Temple Proposal

On January 23, 1964, Temple submitted to the State Council of Higher Education a document entitled "Temple University — Profile and Prospect" in which it made this case:

1. *Temple University, both organically and by nature of mission, is related to the Commonwealth in much the same way that The Pennsylvania State University is.*
2. *The Temple University Board of Trustees has affirmed a policy of fullest cooperation with the Commonwealth.*
3. *Temple University welcomes and requests a discussion with the Council of Higher Education on ways and means of increased cooperative action to serve the higher education needs of the Commonwealth and of southeastern Pennsylvania in particular.*

(Temple also used the occasion to submit to the Council its request for 1964-65 appropria-

tions.) To put Temple's case in context, it would be helpful to cite a few facts contained in the Profile:

Temple University has a 1963 fall enrollment of day, evening, and graduate students of 25,185. The net annual registration figure, including summer school, for 1962-63 was 31,952 . . . Approximately 82 per cent of Temple University students are Pennsylvania residents, and of these 91 per cent are residents of the five-county Philadelphia metropolitan area . . . Temple University students are enrolled on five campuses and in seventeen divisions and schools, ranging in level and variety from the University High School; through sub-professional engineering technology; training in the allied health professions; a full undergraduate curriculum; a complete graduate program leading to the Ph.D. degree; professional degree programs in law, medicine, pharmacy, dentistry, education, music, and the fine arts. In addition, Temple University operates as an integral part of its Health Sciences Center one of the largest and best-known hospitals in the Commonwealth.

(The phrase "net annual registration" was a head-count, comprising every individual who signed up for at least one course at Temple during the year.) During 1963-64, the University's revenues totalled $38,052,605.96, $6.5 million of which came as a direct appropriation for the state. Its total expenditures for the same period were $37,077,029.65. As Gladfelder has said, "Temple did not seek state relationship as a matter of financial exigency. We had a balanced budget for the 10 years prior to that."

By the same 1963 act which withdraw capital support from Temple, the State Council of Higher Education was directed to develop a Master Plan for Higher Education in Pennsylvania. The Council busied itself at its mandate, but a Master Plan was a long time in the offing. Temple could not wait. On September 25, 1964 it submitted "A Proposal for Cooperation" to the Council which proposed

That the State Council of Higher Education, as an initial step in the development of a master plan, formally designate Temple University as a state-related institution . . . and . . . that the state-related character of Temple University be given statutory recognition through the enactment of legislation which embodies such specifics of the following general propositions as are mutually agreed to by the Council and the Trustees of the University.

The statute which ultimately established Temple as a state-related instrumentality of the Commonwealth bears a striking resemblance to the General Propositions which Temple submitted to the Council a year before enactment of the statute. Besides for housekeeping, the principal propositions were:

It should be made clear that it is the intent of the Commonwealth to provide such support as will enable Temple University to provide educational opportunity at the same tuition rate as at the land-grant institution.

It should be made clear that it is the intent of the Commonwealth to grant assistance for capital plant projects to Temple University on the same terms and conditions that apply to the land-grant institution.

Later Temple would back away from attempting to equal Penn State's tutition schedule. One reason was there was no prospect that Temple's minuscule portfolio would ever produce Penn State's endowment income. Another reason was brought forcefully home to Temple by the refusal of the Scranton administration to follow the lead of its predecessor in recommending sufficient appropriations to permit tuition reduction. As a consequence, Temple's tuition again increased so that, by the fall of 1964, it was higher than it had been prior to the 1962 act. With the probability that such disinterest would occur again, Temple recognized the imprudence of hitching its tuition rates to those of Penn State's.

To engender support for Temple's Proposal, Gladfelter and Willis enlisted the willing support of the Democrats who had returned to control of the House in the Lyndon Johnson landslide of 1964. The Majority Leader, the Majority Whip, and the Chairman of the Appropriation Committee of the House were Philadelphians with degrees from Temple's undergraduate and Law schools. An ex-Marine who had no college degree and represented a suburban Philadelphia, blue collar district, James J. A. Gallagher, chaired the House Committee on High Education. Gallagher may have had his equals in the House in enthusiasm for Temple's Proposal, but no one exceeded him.

Willis and Temple's lawyers drafted a bill which, Willis has said, was modeled along the lines of statutes enacted by neighboring states

which established a similar relationship with existing institutions: in Delaware, the University of Delaware; in New Jersey, Rutgers University. The bill also followed closely the General Propositions which Temple had submitted the previous September to the State Council of Higher Education.

The bill was introduced into the House on June 23, 1965. It passed the House, 199 to five on July 20. After the summer recess, on September 13 it passed the Senate 48 to nothing; the Senate was Republican, but acquiesced in the inevitable. The Senate disagreed with the House on the appointment method of Commonwealth trustees, however. The disagreement was resolved in conference committee and the committee report was adopted by both houses on November 16, the Senate again unanimously, the House 204 to two. The Governor scheduled the signing ceremony for November 30. There, amid a throng of Temple people and Democratic cosponsors, Governor Scranton manfully had his picture taken signing the bill. No one jostled a broadly grinning Gallagher from his position behind and, unusually, just to the right of the Governor. Scranton gave Gallagher one of the pens he used in the signing.

Although by quirk of statutory construction, the Act did not take effect until January 29, 1966, its financial effect was immediate. On December 1, the Governor signed Temple's 1965-66 appropriation act which granted the University $11,547,266, more than $5 million over the prior year. The following year it received $20,106,998. As importantly, Temple's capital program was reinvigorated by the Commonwealth's undertaking to pay for the non-revenue producing portion of it, "classrooms and laboratories", as the House Committee report stated, while Temple undertook to finance the revenue producers, "dormitories and dining halls."

The timetable was later thrown off by community unrest at such rapid expansion, but the bulk of the program together with significant supplements to it had been completed. By June 30, 1979 the Commonwealth had financed and owned $157,121,000 of land, buildings, and equipment for Temple's use, or 57% of the university's total physical plant. The last of the original project, a new hospital facility, is getting under way this year.

It was a time of jubilee. The 1965-66 report of the House Committee on Higher Education exulted that this

. . . is one of the high points of higher education legislation in Pennsylvania's recent history . . . In practical effect, this means that the organic relationship between Temple University and the Commonwealth is now the same as that between the Commonwealth and the Pennsylvania State University. Both of these institutions, while private in corporate identity, are invested with a quasi-public character and charged with certain public responsibilities, obligations, and commitments . . . All the advantages of a public university in southeastern Pennsylvania have been gained by the Commonwealth without incurring the extremely high costs that other states have incurred in taking such a step . . . A new pattern for relating institutions of higher education has therefore been developed for Pennsylvania, and possibly for other states, by the Committee on Higher Education . . . ■

The Model: The Temple University - Commonwealth Act

The Act which Governor Scranton signed on November 30, 1965 has twelve sections. The first section gives the Act its title, The Temple University - Commonwealth Act. The second contains seven legislative findings and a declaration of policy. The first five findings spell out the corporate lineage of the University and were inserted at the insistence of University lawyers who believed the findings would protect the independent corporate integrity of the University. The sixth finding was intended to protect ownership of its property by the University corporation. The seventh finding delineates the public purpose of the Act and is followed by a ringing declaration:

(7) That the Commonwealth of Pennsylvania recognizes Temple University as an integral part of a system of higher education in Pennsylvania, and that it is desirable and in the public interest to perpetuate and ex-

tend the relationship between the Commonwealth of Pennsylvania and Temple University for the purpose of improving and strengthening higher education by designating Temple University as a State-related university;

Therefore, it is hereby declared to be the purpose of this act to extend Commonwealth opportunities for higher education by establishing Temple University as an instrumentality of the Commonwealth to serve as a State-related institution in the Commonwealth system of higher education.

The third section preserved Temple's independent private corporate character and directed the change of its corporate name by adding to it "— Of The Commonwealth System of Higher Education." Temple's Board of Trustees promptly made the change.

Re-structuring of the Board of Trustees

At the same meeting of the Board, it restructured itself to meet the mandate of section four of the Act. Prior to the Act, the Board had 42 voting members, six nominated by the Governor and elected by the Board, and an additional three *ex officio* members, the Governor and the Secretary of Public Instruction from the State and the Mayor of Philadelphia. Section four required the retention of the same *ex officio* members, but the reduction of the size of the Board to 36 voting members, twelve of whom to be appointed by state officers, four by the Governor with the advice and consent of the Senate, four by the President pro tempore of the Senate, and four by the Speaker of the House. The publicly appointed members were designated Commonwealth trustees; the remaining 24 members came to be called University trustees. The original 24 University trustees were drawn from members of the prior board; the balance of the former Board members either retired on their own volition or were designated honorary Trustees, with no vote or other corporate power.

As far as Temple was concerned, section five was key:

The entire management, control and conduct of the instructional, administrative, and financial affairs of the university is hereby vested in the board of trustees. The board may exercise all the powers and franchises of the university and make by-laws for their own government, as well as for the university.

This language was adapted from the Delaware statute which established the relationship of that state with the University of Delaware. Some Temple people felt that such a broad delegation of authority might scuttle the bill. Willis was convinced that the provision was essential and that the General Assembly could be convinced of its wisdom. He was right. By subsequent legislative and administrative acts the Commonwealth has attempted to chip away from time to time at this rock but the erosion has not been significant.

Section six had meaning when the Act was signed, but has little practical effect today. It provides that the University shall maintain tuition and fee schedules "as are set forth annually" in the University's appropriation act, but such schedules last appeared in the 1968-69 act.

Benefits and Accountability

Section seven is what started the whole thing in the first place:

The benefits of all Commonwealth or Commonwealth authority programs for capital development and improvements shall be available to the university under terms and conditions comparable to those applicable to land grant institutions of higher learning and State colleges . . .

Section eight has to do with the "proper accountability" of Temple for Commonwealth appropriations. The principal point in the first sub-section is to limit Auditor General oversight to post-audit. The second sub-section proves again that no one is perfect. The drafters of the Act, none of them accountants, contemplated the establishment by the University of a Commonwealth Appropriations Account into which appropriations would be deposited and from which expenditures would be made. As it has turned out, neither the accountants for the University nor those of the Auditor General have devised a scheme to make such an account work.

Therefore, the appropriations are deposited in the University's general fund and the Auditor General has accepted this practice. As for Auditor General oversight, he or she shall "audit and disallow expenditures made for purposes not permitted by the appropriation act and . . . cause such sums to be recovered

and paid by Temple University to the Treasurer of the Commonwealth." In litigation involving Penn State, the Pennsylvania Supreme Court declared the power of recovery of the Auditor General, an independently elected officer of the Commonwealth, is limited to his or her report to the Attorney General of audit findings. The Attorney General, who at the time was appointed by the Governor but is now independently elected too, may then decide what to do about the audit report.

Section nine is Commonwealth boiler plate which is inserted in most statutes which create entities removed from direct control of the administration, such as authorities and non-profit governmental corporations. The section prohibits pledge of the Commonwealth's credit and exempts obligations of the University from state and local tax.

Section ten provides for an annual report by the President of the University to the Governor and to the members of the General Assembly. Section eleven is statutory housekeeping. Section twelve attempted to provide July 1, 1965 as the effective date of the Act. Since it was not signed by the Governor until November 30, recourse was taken to the Statutory Construction Act. It provides that in such circumstances, an act becomes effective sixty days after signing by the Governor, in this instance, January 29, 1966. ■

Appropriation Acts

A report on state-relationship would be sapless were it to ignore the means by which the Commonwealth annually reinvigorates the relationship, the appropriation act. No such report could be long enough, however, to delve deeply into each act, the reasons, to the extent there were any, for its language, its figures, its enactment date. (Temple's appropriation acts will be used to illustrate the workings of the acts, but the acts of Pitt and Penn State track Temple's in percentages of increase, differing only in dollar amounts and in specific appropriations peculiar to the institution.)

1964-65

The schedules in this report begin with the fiscal year 1964-65, the year prior to Temple's becoming state-related. The date of enactment is the first entry in the lefthand column. By time honored practice, passage of appropriations for the state-related institutions as well as for other educational and charitable institutions which are outside the absolute control of the Commonwealth, appropriations totaling a hostagely significant $300 million or so, have been held in abeyance until the dust settled. The lefthand column of the schedules also gives the various styles of appropriation categories which over the years struck the fancy of the individual or group which wrote the particular statute until, for 1975-76 and thereafter, categories were adopted which seem to satisfy everyone, so far that is.

Year:	1964-65
Date enacted	7/04/64
General Maintenance & Purchase of Equipment for University	$4,840,804
Same for Medical School	1,674,940
Total	6,515,744

Then began the halcyon days of state-relationship when each year the increase in appropriations over the prior year was from 20% to almost double, as in 1966-67.

The appropriation acts prior to state-relationship were satisfied to designate funds "for the general maintenance of the university and the purchase of such apparatus and equipment as the trustees may deem necessary for the best interests of the university." This language undoubtedly derived from the Pennsylvania constitutional mandate to "provide for the maintenance and support" of public education. For some reason lost to history which may have been nothing more than political paranoia, the Democratic House Appropriation Committee made sure that the "maintenance" provision in the 1965-66 act would not inhibit Temple's expenditures by providing that the funds could be used

. . . for the general maintenance of all schools, departments, divisions, offices, and services of the university, . . . including repairs and improvements to the grounds and buildings, service of light, heat, power, water, and sewage disposal, salaries and wages, materials, supplies, equipment, books

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Year: Date enacted	1965-66 12/1/65	1966-67 8/23/65	1967-68 1/10/68	1968-69 7/20/68
General Maintenance for University	$ 6,577,460	$ 9,329,298	$15,548,760	$2[illegible],008,574
Tuition Supplement for University	2,950,118	7,887,450	8,764,386	9,598,351
General Maintenance for School of Medicine	1,786,770	2,207,250	3,310,000	3,833,642
Tuition Supplement for School of Medicine	232,918	413,000	438,000	—
Tuition Supplement for Branch campus	—	50,000	—	—
Nursing Program	—	215,000	—	—
Total	11,547,266	20,106,998	28,061,146	33,440,567

and periodicals, insurance and interest, and such other expenditures as may be necessary and practicable . . .

As to the tuition supplement,

The moneys so appropriated . . . shall be applied to Temple University solely for the purpose of reducing the tuition and fee rate charged . . . to fulltime Pennsylvania resident students in all schools and divisions of the university . . . by such amounts as are necessary to establish . . . a uniform tuition and fee rate of two hundred twenty-five dollars ($225) per semester. The funds so appropriated under this clause may be used by Temple University for the same purposes as tuition and fees received from students.

As to non-resident students,

It shall be a condition of this appropriation act that the tuition and fee rate charged to non-residents of Pennsylvania . . .in all schools and divisions of the university shall be at least three times the rate charged to residents of Pennsylvania . . .

The appropriation act for 1966-67 retained the same language, except that it reduced the in-state out-of-state ratio to two and one-half times and added to the tuition supplement provision a credit-hour maximum rate for part-time students of $14 for undergraduate and $16 for graduate students.

The language of the 1967-68 statute tracked the previous year's, but the 1968-69 statute contained a cumbersome provision as to rates charged at the main campus and branch campuses and the in-state out-of-state ratio was deleted in preference for:

Any dollar increase in tuition and fees for Pennsylvania resident students must be accompanied by an equal or greater dollar increase for non-resident students.

General discontent with the direction the appropriations acts was taking gave rise to the following in the 1969-70 statute:

Date enacted	3/13/70
Resident Education	$38,972,000
Extension Services	52,000
Organized Research	542,000
Special Departmental Research	171,000
Computer Center	1,655,000
Total	41,392,000

The act provided that the appropriation was to be paid quarterly, the first payment on September 30, 1969, the second December 31, and so on. That provision had an especially bittersweet quality to it considering the act was not passed until March 13, 1970. The act also introduced the mischief that the recipient had to "earn" the appropriation, although that term became a part of administrative, not legislative, jargon. The appropriation for "resident education"

. . . shall be made on the basis of the number of credit hours produced during the fiscal year except payments for medical programs which shall be made on the basis of full-time enrollment.

The act then provided a schedule of rates. Other appropriation line items were to be paid for "on the basis of the net costs of such programs . . .(which) shall be the excess of the expenditures made over the income received."

The following year, 1970-71, spanned two administrations and was a disaster. By act signed on June 26, 1970, before the fiscal year began, Temple received half the amount of its prior year's appropriation, i.e., $20,696,000. It did not receive the other half until two months after the fiscal year ended, by act signed August 31, 1971. There was no change in the total amount from the prior year.

For the first time the 1972-73 act provided that the University

. . . shall report its expenditures and present its financial statements required under the provisions of this act in accordance with generally accepted accounting principles and procedures for educational institutions as set forth in 'College and University Business Administration' of the American Council on Education, Revised Edition, 1968.

That provision had the virtue of lending a standard to the preparation of the financial statements of the state-related institutions. The problem was, however, that the phrase "net cost of instruction" was not defined or used in the A.C.E. reference work or in any other document. The Auditor General decided on his own motion, without consulting anyone who was involved in the drafting of the appropriation acts, that the phrase retained in it the concept of "earning" the appropration. He contended that the "net cost of instruction" concept required the University to apply all of its non-appropriation income against the cost of instruction prior to applying Commonwealth appropriations against the "net cost of instruction."

The Attorney General was mystified by the phrase "net cost of instruction." It was suggested to him that he should consult with the Budget Secretary who had approved the use of the phrase in the first place. He did so. In no uncertain terms the Budget Secretary informed the Attorney General that the Auditor General was incorrect. Other language was used for the appropriation for 1975-76 and subsequent years.

Although the appropriation language was changed in 1975-76, other aspects of the act which began in the language of the 1972-73 act have continued to date. The standard accounting reference has been retained and currently is to the " 'Higher Education Finance Manual' United States Department of Health, Education and Welfare (1975) with the exceptions set forth in the Commonwealth of Pennsylvania Budget Instructions for State Related Universities, Phase I, Fiscal Year 1980-1981."

Another 1972-73 innovation was the requirement to file a "Snyder Report." Senator Richard A. Snyder believes that universities should be able to receive more "productivity" from its faculty members. To monitor that "productivity" he had the appropriation acts of the state-related universities amended for the first time in 1972-73 to require those institutions to file specific data having to do with the work habits of their faculty members. The first year was a hash. However, in subsequent years this data has been refined so that a comprehensive record has now been accumulated as to "productivity" which permits a reasonable comparison to be made among the state-related universities and, also, to the state-owned colleges and university which more recently have been required to submit "Snyder Reports." So far, it would not appear that these reports have had an effect on appropriations, but the data bank is there to be used when the Commonwealth cares to do so.

The appropriation act for 1973-74 made a significant move in aid of cash flow. It provided that payment of the appropriation should be made monthly, rather than quarterly as it had been in the past.

On the recommendation of Temple, for the year 1975-76 the phrase "net cost of instruction" which the Governor had again recommended was dropped by the General Assembly and "educational and general expenditures" was substituted for it. The accounting reference work provided for in the act was "The Industry Audit Guide for Colleges and Universities' of the American Institute of Certified Public Accountants of 1973, without exceptions." That work defined the phrase "educational and general expenditures" and included within it a broad spectrum of University spending so that there is no longer any question that these funds are all used for University purposes.

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Year Date enacted	1975-76 7/25/75	1976-77 7/9/76	1977-78 12/22/76
Educational and General Expenditures	$54,795,000	$56,987,000	$56,987,000
Cost of Student aid	3,018,000	3,018,000	3,018,000
Instruction — Doctor of Medicine only	5,375,000	5,412,000	5,412,000
Operation of dental clinics in School of Dentistry	500,000	600,000	600,000
Temple University Hospital	—	—	2,500,000
Total	63,688,000	66,017,000	68,517,000

Year Date enacted	1978-79 6/20/78	1979-80 7/20/79	1980-81 10/8/80	1981-82 Proposed
Educational and General Expenditures	$59,836,000	$64,025,000	$67,867,000	$71,600,000
Cost of Student aid	3,018,000	3,018,000	3,018,000	3,018,000
Instruction — Doctor of Medicine only	5,412,000	5,412,000	5,412,000	5,427,000
Operation of dental clinics in School of Dentistry	600,000	600,000	600,000	600,000
Temple University Hospital	2,500,000	2,500,000	2,500,000	2,500,000
Total	71,366,000	75,555,000	79,397,000	83,145,000

Since Temple each year provides student aid well in excess of the statutory line item of $3,018,000, there is no good reason for those funds not to be folded into the "educational and general" item. Yet, perversely, the student aid item continues to appear each year.

Diminishing State Support

The most significant feature of the appropriation schedules, however, is the obvious diminution of the Commonwealth's interest in funding the higher education which is provided by the state-related institutions. Penn State and Pitt have been accorded the same rates of increase as are reflected by the Temple schedules. Indeed, for the 1977-78 when the General Assembly attempted to give the state-related institutions a modest increase, $1,139,000 in Temple's case, Governor Shapp exercised his power to reduce the appropriation to what it had been for the prior year 1976-77.

In his budget document for 1981-82, Governor Richard Thornburgh put the matter this way:

The increased appropriation levels represent a continuing commitment to the educational mission of these institutions and a recognition of the role of these institutions in the Commonwealth system of higher education . . .However, regardless of the increases in State funds to institutions, funding in the foreseeable future will not increase as much as the increases in the cost of plant maintenance, personnel, and materials and supplies. If the individual institutions continue their present stance of short-term measures in expectation of an improvement in the immediature future they will not survive. Radical change in structure and in allocation of facilities and personnel is the only way to survive and continue to offer quality education.

The leaders of the state-related institutions do not appear to be listening to Harrisburg. Rather than consider "radical change", the schools have opted for "short-term measures" and hikes in tuition. Given the probability of appropriation for 1981-82, the annual undergraduate tuition at Pitt, Penn State, and Temple will range between $2,100 and $2,400,

among the highest in the nation for state universities. As the president of one of those institutions testified recently to the Appropriations Committees of the General Assembly:

The University is therefore seeking a total increase of $8.5 million in the Commonwealth appropriation for 1981-82.

This increase represents about 10.7 percent more than we are currently receiving from the Commonwealth. Combined with $2 million in additional cuts from our academic and non-academic areas, and $6 million in revenues from a 10 percent increase in tuition, this $8.5 million increase will enable us to balance the 1981-82 budget and avoid deficit financing.

Without it, Temple students and their families face the bleak prospect of considerably higher tuition rates for next year.

Each of the schools made similar requests to the General Assembly. The last time Temple received an increase even approaching ten percent was in 1974-75, the first year that the Commonwealth gave it $2.5 million for its Hospital. The last time the schools received an increase on the education line in the magnitude of ten percent was in 1969-70, a dozen years ago. ■

Effects of the State Relationship

Educational

In 1977, twelve years after it had become state related, Temple conducted a Self Study preparatory to a decennial accreditation visit to its campus by an evaluation team from the Middle States Association of Colleges and Schools. The Study listed the directions taken by Temple in furtherance of its status as a state-related institution:

Temple University added five new schools and colleges which inevitably complicated the equitable allocation of resources. (1966: College of Allied Health Professions and School of Communications and Theatre; 1969: School of Social Administration; 1970: College of Engineering Technology; and 1973: College of Health, Physical Education, Recreation and Dance)

Responding to the legitimate aspirations of the minorities and others, Temple expanded its recruitment, admission and support of a variety of emerging constituencies including: black and other minority students, veterans, adult women, handicapped students, foreign students.

Responding to the same aspirations at the graduate and professional levels, a variety of recruitment and support activities were added to the School of Law, the School of Medicine, the School of Dentistry, the School of Pharmacy and the Graduate School. (In 1960, 28 doctoral degrees were awarded; in 1975, there were 270.)

As a Commonwealth University with a defined role under the 1971 Master Plan for Higher Education in Pennsylvania, Temple restrained its lower division enrollment and expanded its welcome to upper-division transfer students, mostly from the new community college system. For the past three years, the number of transfer students roughly equals the number of new freshmen.

As the only public university in southeastern Pennsylvania, Temple, which had always provided off-campus educational offerings, began to expand its satellite campuses with a major expansion at its Ambler Campus in the northwestern suburbs and at its campus in Center City Philadelphia.

Given the new flexibility for part-time and non-matriculated students, the mix of full-time, matriculated students and part-time, non-matriculated students in the same course section has been changing.

In its report, the Middle States evaluation team added another point: "Temple has, during its period of expansion, been able to attract a generally excellent and dedicated faculty." The team concluded that it was

...very impressed by the basic strength and quality, by the dedication and degree of consensus on its complex and important mission, and its great potential for the future.

Thus, indeed Temple has been supported by its state-relationship in improving the quality of the education it offers. Accessibility, too,

has been improved, except for the inhibition imposed upon it by continually rising tuition rates. Today, Temple, Penn State, and Pitt are among the five state universities which have the highest tuition rates in the country. Certainly, one of the major factors contributing to this circumstance has been the diminishing rate of annual increase in appropriations from the Commonwealth.

Economic Consequences

In the 1960's when Temple was young and bouncy, it counted its student body by including anyone who took at least one course at the University at any time during the fall, spring, and summer semesters. Thus, in making its case to the Commonwealth, it was able to show dramatic increases in student numbers: 1961-62, 30,591; 1962-63, 31,593; 1963-64, 33,748; 1964-65, 37,456. In its proposal to the Council of Higher Education it projected that, with state relationship, it would have 50,000 such students enrolled by 1970. It may have made it. For 1967-68, its "net enrollment" was 47,964. A new president, however, began to count students differently, perhaps more realistically; after all, the fight for state-relationship had been won and was over. With refinement of the census, the "head count" of full- and part-time students for the fall semester 1980-81 was 33,158 (21,027 undergraduate, 9,162 graduate, and 2,959 professional). In spite of gloomy predictions of enrollment diminution, Temple's enrollment these past few years has remained fairly constant.

In this regard it should be noted that Temple students have been remarkably self sufficient. Well over half of them earn some portion of their school costs at full or part-time jobs. Financial aid is essential for many of them. In 1979-80, 30,495 awards of grants and loans were made to Temple students, some receiving more than one type of award. More than half of the funds for those awards came from the state ($21,487,933). One-third more came from the federal government ($14,033,325). The balance came from the university ($4,774,893).

Accountability to the Commonwealth for its stewardship is obtained in a number of ways. First, there is the basic underlying situation of Commonwealth participation in Temple governance: one third of the members of the Board of Trustees are appointed by Commonwealth officials. Then there is the budget process itself. In the fall prior to the July 1 commencement of the fiscal year, the University submits its request for appropriations to the Department of Education. The request is supported by substantial documentation of need. A conference is held in which University representatives discuss their request with Department representatives. Undoubtedly, the Department takes Temple's request into consideration juxtaposed with needs expressed by the other segments of the Commonwealth's System of Higher education. The Department then submits its recommendation to the Secretary of the Budget.

Historically, the recommendation of the Department has been higher than that ultimately recommended by the Governor to the General Assembly. The Appropriations Committees of both legislative houses usually hold hearings at which Temple representatives make their case for increasing the gubernatorial recommendation. The House committee has religiously held such annual hearings, the Senate less so. Subsequent to the hearings, the University representatives continue their efforts until the legislative process has been completed.

Thereafter, the President of the University files his annual report with the Commonwealth. The Snyder Report is also submitted together with such other reports as the Commonwealth may require from time to time; for example, for a few years the Commonwealth felt a desire to be informed of all contracts that the University may have had with departments and agencies of the Commonwealth. Then, the Auditor General performs his post-audit function. The Department of Education requires that the University respond point-by-point to issues raised by each report of the Auditor General.

Finally, of course, the Department of Education exercises its statutory power to supervise higher education in Pennsylvania. Briefly put, there is no time in which Temple is free, or for that matter cares to be free, of Commonwealth scrutiny.

Perhaps the best way to approach this subject of cost savings which the Commonwealth has realized by its arrangement with Temple is by reiterating the report of the House Committee on Higher Education when Temple first became state related:

> *The logic of the Temple proposal appeared to be quite in harmony with any eventual master plan for the region, and the costs to the Commonwealth would certainly be small*

in comparison with the costs involved in establishing a new public institution . . . All the advantages of a public university in southeastern Pennsylvania have been gained by the Commonwealth without incurring the extremely high costs that other states have incurred in taking such a step . . .The Commonwealth also gains the advantage of capitalizing upon the resources of a great University, with a ready-made, built-in momentum for swift forward action and for joint financing of an enterprise which, if wholly the responsibility of the Commonwealth, would require tax support much beyond anything the state-related arrangement is ever likely to involve.

Nothing that has happened since that Report was written has gainsaid it.

Current Attitude

The foregoing statements with respect to the educational and economic consequences of state relationship reflect the successes of that concept. Its failure seems to be that the state-related universities, along with their colleagues in the Commonwealth's system of higher education, have not convinced the people of Pennsylvania that the system is worth the candle. Although Temple has fared well at the hands of the Commonwealth when circumstances peculiar to it have posed a threat, e.g., the $45 million the state has provided for Temple's Hospital, the $23 million to forestall loss of accreditation for the School of Dentistry, yet when it has come to education, pure and simple, the support from the public is no longer what it once was. Such a statement may seem contradictory in face of the hundreds of millions of dollars which each year the Commonwealth appropriates for higher education. It is submitted, however, that those funds are appropriated in spite of, not because of, the quality of public support for higher education.

In his presentations this spring to the Appropriations Committee of the General Assembly in support of the University's request for appropriations in 1981-82, President Wachman again made the point:

It is a remarkable record. Yet, as we enter the first year of a new decade, the continuing success of our partnership with the Commonwealth is in grave jeopardy. Two forces — one of them a public perception, the other a corrosive financial influence of our times — threaten not only Temple University's cooperative effort with the Commonwealth but the future of higher education itself.

Last year, I shared with you my concern that many Pennsylvanians seem to have lost interest in a strong system of higher learning. The theme struck a responsive chord with a number of legislators, who wrote to me and said quite bluntly that the appropriations for our colleges and universities were not popular expenditures among their constituents.

This reaction indicates that the general public either does not know or does not care that higher education is a precious investment in human capital and that each dollar spent in support of our colleges and universities means a stronger Commonwealth and a better life for every citizen.

Getting this message across to the taxpaying public must be one of the highest orders of business for our colleges and universities.

The second threat to our partnership, however, is an awesome force over which you and we have virtually no control . . . This force is runaway inflation.

Other Institutions

This report may be in error, but it would seem that the establishment of the concept of state-relationship has not created an adversary relationship or an antagonism either among Temple's neighbors or among the institutions of higher education in Pennsylvania. The system continues to be a Peaceable Kingdom, at least so far.

To illustrate, within the state-related institutions, Penn State has three branch campuses in suburban southeastern Pennsylvania from which Temple draws its students, four in southwestern Pennsylvania from which Pitt draws its students; yet the three universities work quite amicably together in a common cause.

Another example would be the cooperative spirit Temple maintains with the four community colleges in southeastern Pennsylvania. Temple has made a studied effort not to recruit applicants from that well which would normally be served by these community colleges. Articulation agreements have been concluded among them so that upper-division transfer is uncomplicated. Half of Temple's new enrollments enter as transfer students.

Another example is the Delaware Valley

Regional Planning Council for Higher Education which is the planning arm for 79 degree-granting institutions in the five county southeastern Pennsylvania area. It fostered the creation of a Compact for Lifelong Educational Opportunities (CLEO) which has been funded by initial grants from the W. K. Kellogg Foundation totalling more than $900,000. CLEO is a consortium of 48 college and university members of the Planning Council, Temple an active participant, which is five years into developing a program to explore creative approaches to providing useful and effective services to adult learners of the region. The CLEO program is based upon two premises: first, there are substantial numbers of people ready to pursue their further education, but who perceive barriers to that pursuit; second, there are significant changes in American society which are leading to a new set of needs within the citizenry to which higher education must become responsive.

State-owned Colleges

As must have become evident by this time in this report, Pennsylvania has no "state university system." It may be appropriate at this point, though, to examine briefly the effect that state-relationship may have had on those institutions which are governmentally owned and operated in Pennsylvania.

The community college system will soon be twenty years old. It began with the Community College Act of 1963. The first college was established the following year in the Harrisburg area. By 1971, there were fourteen colleges scattered around the state. Four of them are in southeastern Pennsylvania, Temple's home base, four in southwestern Pennsylvania, Pitt's home base. Each of these colleges continues to prosper. Yet, the Master Plan for Higher Education which was written in 1971 projected that by 1980 there would be an additional fourteen colleges established.

As it has turned out, none of the projected fourteen exists today. The 1978 Master Plan ignores that circumstance except for noting that "local support for the additional 14 has not been forthcoming." It may be said that the state-related institutions did not affect that "local support." As with Temple, these institutions have made a conscious effort not to invade the pool of applicants which might be thought of as potential community college students. Indeed, as noted earlier the institutions have arrived at articulation agreements with the colleges so that transfer from college into the upper division of the university is smooth; for Temple the number of transfer students has been equalling the number of new freshmen, a healthy situation in Temple's book.

As to the thirteen state-owned colleges and one university, here, too, there does not seem to be a competition between state-related and state-owned. If anything, the state-relateds have been using the state-owned as a bootstrap argument to increase state-related appropriations. When the state-owned system was transformed into baccalaureate degree granting institutions, the state may have gone a bit overboard in appropriating funds sufficient in the state's eye to bring the state-owned system up to par with state-related and independent schools. The recognition of one labor union to represent all of the state-owned schools also heightened the sensitivity of the Commonwealth to state-owned needs. The swing may have overreached, however. Legislators have begun to be restive at the annual faculty salary charts published by the *Chronicle of Higher Education* which regularly list schools in the state-owned system among the top in the country. The state-related institutions envy that circumstance.

They envy more, however, the rates of tuition that the state-owned institutions have been able to maintain because of Commonwealth funding. The rates are less than half those of state-related institutions. Indeed, the presentation last year of one of the state-related institutions to the legislative Appropriations Committees was, in effect, a plea to bring it to a par with the state-owned tuition rates. There was no suggestion, however, that the funding of state-owned institutions should be reduced to provide more for the state-related institutions.

In short, the establishment of a state-related system in Pennsylvania has not worked a threat against those institutions which are governmentally owned and operated. ■

Conclusion

The ushering in of a state-related system by Pennsylvania in 1965 was greeted with glad cries. The House Committee on Higher Education reported that it "is one of the high points of higher education legislation in Pennsylvania's recent history." Much has been accomplished in the years since then, much that Pennsylvania and the state-related institutions may be proud of.

Millard Gladfelter has described the effects state relationship has had on Temple in these words:

(1) It established the position, posture, and prospects for the university. We weren't going to be like Penn, and in competition with it. We had been given our role to play. The relationship established Temple's position in the community and with the constituency that we meant to serve. (2) The relationship provided us with the funds we needed for the physical development of the university. We had been making bricks without straw. (3) With the funds the state appropriated for us for status as a commonwealth university in southwestern Pennsylvania, we were able to attract and hold a distinguished faculty. We were able to pay them the salaries that were necessary to keep them. (4) Our research increased tremendously because we had a good research faculty and they had the laboratories and other physical facilities to do their work in. (5) The relationship results in much greater funding for student aid in addition to the federal and state financial aid programs.

The conclusion is inevitable that Temple would walk the same state-related route today if the opportunities were just being opened to it. The people who are Temple's constituency are still there to be educated. Their need will always be paramount. However, as the 1978 Master Plan for Higher Education in Pennsylvania stated in reference to its two predecessors, "The climate in which the present plan is undertaken is more sobering than in 1967 or 1971." The day is new. The challenge is new. Temple's president, Marvin Wachman, put it this way:

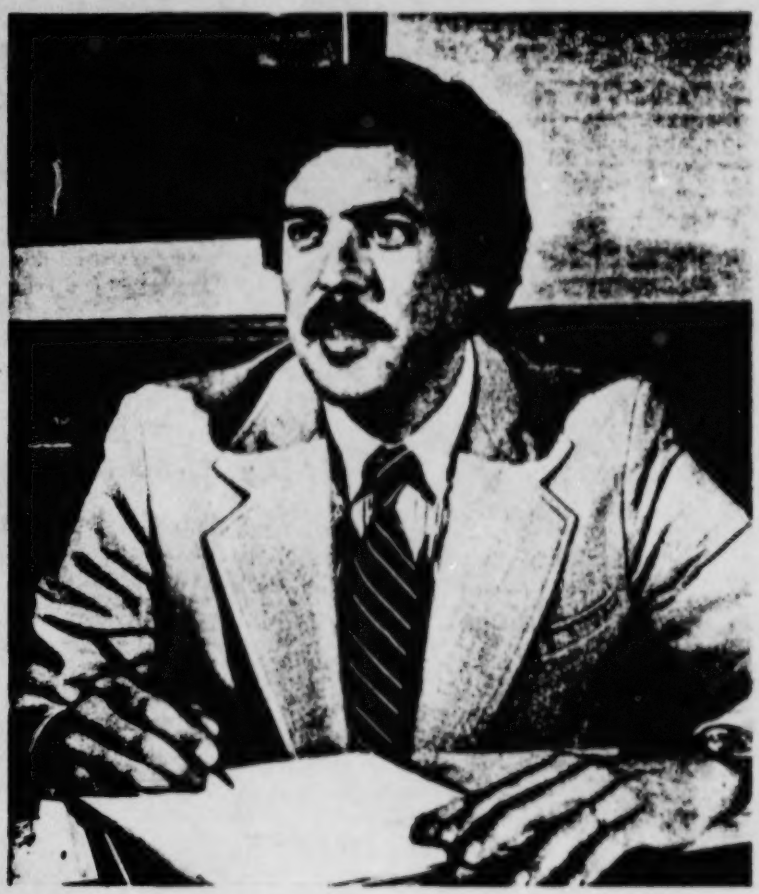
It would appear that many people in Pennsylvania no longer believe that the benefits they reap from a strong system of public-supported higher education are important.

If this observation is true, part of the burden for convincing the general public of the incalculable value of the Commonwealth System belongs with us, the administrators, faculty, staff and students of the state-related and state-aided colleges and universities.

The task will not be easy. ■

(The complete text upon which this condensation is based is available at the Templaner Room, Temple University.)

University of Delaware



G. Arno Loessner

Background

The University of Delaware traces its history from a private school originally located in New London, Pennsylvania, which became a school for candidates for the Presbyterian ministry in 1743. By 1765 the school had been moved to Newark, where in 1769 it received a charter as the Academy of Newark. In 1833, the Academy was merged into the newly incorporated New Ark College, a degree-granting institution. The Academy continued as the College's Preparatory Department until 1870 when work below the collegiate level was dropped.

The institution was renamed Delaware College in 1843 and then closed in 1859 because of financial problems and the impending Civil War. Funds provided by the Morrill Land-Grant Act of 1862 eventually led to an Act of the Delaware General Assembly in 1867 in which a proposition made by the Trustees of Delaware College to the State was accepted and the College was designated as the Land-Grant College of Delaware. Delaware College was reopened in 1870. In 1913, there was established a Women's College affiliated with Delaware College and in 1921 Delaware College and the Women's College were, with the consent of the College's Board of Trustees, combined under the name of the University of Delaware. ■

Achieving the State Relationship

The Lotteries

The relationship with the State of Delaware has been an important part of the evolution of the University of Delaware to its present position and structure. In the early days, the Trustees of the Academy of Newark and then later of Delaware College sought a relationship with the State as a means of gaining the necessary financial support to maintain the institution's stability. An early source of revenue was the lottery authorized by the

General Assembly of Delaware on January 15, 1818, which was to enable the Trustees of the Academy of Newark to raise a sum not to exceed $50,000 to establish a College in the Town of Newark. Following this, in 1821, the General Assembly established an endowment fund for the Academy using the receipts of stagecoach and steamboat licenses, but the Act was essentially repealed in 1822.

Lottery revenues from the 1818 Act had begun to accumulate in the hands of the State Treasurer by 1824 which caused the General Assembly to create the "College Fund" to be invested by the State Treasurer on behalf of the Academy. This was the first endowment fund of the institution. Later that year, the Academy Board appointed a committee to solicit donations and subscriptions for the purpose of erecting a new Academy and with this Act launched the institution's first capital fund drive. A second lottery was authorized by the General Assembly on February 10, 1825, which permitted the Academy to raise the sum of $50,000 for the purpose of establishing and endowing a college in Newark.

The lottery authorization acts clearly established a commitment on the part of the State of Delaware to provide financial support to higher education. But as the size of the state's financial involvement increased, it became necessary to establish a more formal relationship with the institution for the purpose of governance and the oversight of financial affairs. Therefore, on February 5, 1833 the State chartered "New Ark College." The charter provided for ". . . a College for instructing students in languages, arts and science, with power to confer degrees . . ." The Act established a Board of Trustees and invested in them the authority to manage the institution. It further provided for the transfer of the "College Fund" from the State Treasurer to the Trustees as part of the endowment of the College to be apportioned and used as determined by the Trustees. Funds raised by lotteries permitted the construction of the first building of the College in the year 1833-34. On May 8, 1834 New Ark College opened for classes.

A third lottery was authorized on February 11, 1835, which provided an additional $50,000 "for the use and benefit of Delaware College." This lottery, however, caused some controversy among the members of the Board of Trustees, some of whom believed that the acceptance of funds from such a source constituted a "public evil." Following the unsuccessful attempt by some Board members to convince the majority to refuse this financial support, several members resigned, including the president and the secretary of the Board. The reference to the institution as Delaware College was in error. Correction required another Act of the General Assembly in 1837 to restore the name of New Ark College.

The question of the appropriateness of receipt of lottery revenues came up again in 1840, at which time a Board resolution was approved asking the State to retain the lottery earnings and to make an equivalent grant of money to the College from general State funds. With the passage of an Act of February 7, 1843, the previous Lottery Act was made null and void and the College began receiving funds from the general funds of the State in lieu of the specific lottery revenues. By this time, an Act of January 16, 1937, authorized the State Treasurer to receive the State's share of the surplus revenue of the Treasury of the United States. The Board appointed a committee to ask the General Assembly to appropriate a share of this revenue to the college.

Relationships between the College and the State were not exclusively fiscal. An Act of February 3, 1941, provided that the President of the College shall be an ex-officio member of the Board of Trustees. A February 7, 1843, Act formally changed the name of the institution from New Ark College to Delaware College and an Act of February 24 of that year was passed to "prevent the sale of spiritous liquors to the students of Delaware College" as the State government attempted to influence the morality of Delaware College students.

During the 1850's, the State authorized Delaware College scrip endowment funds in the amount of $50,000 for the purpose of purchasing scholarships, but the lack of sufficient continuous funding and the impending Civil War caused the Board to close the College in 1859.

A Land-Grant College

The Board continued to meet while the College was closed, and following the passage of the Morrill Land-Grant Act of 1862, lobbied the Delaware General Assembly to establish Delaware College as the institution in the State to receive funds provided for under that Act. It was not until May 14, 1867, that the General Assembly approved an Act establishing Delaware College as the college for agricultural and mechanic arts in the State.

The General Assembly action followed a meeting of the Board of Trustees on February 19 of that year at which a resolution was passed appointing seven members of the Board of Trustees to

> *. . . a committee with full power and authority to cooperate with the legislature of this State or with any committee appointed by it with a view of conveying to the State a joint and equal interest in the College buildings, grounds, library, philosophical and chemical apparatus, invested fund of the College proper of the said College upon the condition that the State shall vest the said donation made to it in a Board of Trustees, not more than one half of whom shall be representatives of the State, the remainder representing the present Board; and for the purpose of making effectual such an arrangement, the committee on the part of this Board is fully authorized to procure and (sic) amended charter and to take such other steps as may be necessary to make available the aforesaid Act of Congress.*

The Morrill Act had made available for sale land in the western part of the United States. The proceeds of these sales were to be returned to the states for distribution to these colleges for agricultural and mechanic arts. As these funds materialized in Delaware, it became possible for the Board to reopen Delaware College on September 14, 1870.

Legislative Provisions

The 1867 Act provided for the funds from the sale of land scrip to be invested by the State Treasurer in interest-bearing bonds of the State or of the United States. As a result, Delaware College became a major creditor of the State of Delaware. The 1867 Act further provided that the College must provide gratuitous instruction to one pupil from each Hundred in the State (Hundreds are coterminous geographic areas in the State) in such manner as the legislature may provide. In practice, members of the General Assembly were permitted to appoint one student from each Hundred located within their geographical area of representation. This practice continued for most of the remainder of the 19th century. Finally, with the passage of the 1867 Act came the authority for the Governor to appoint five Trustees from each County of the State to be members of the Board of Trustees on behalf of the State with the present Board of Trustees of Delaware College filling the remaining vacancies in the Board.

Delaware College reopened in 1870 with a relatively secure base of funding, and for the first time, members of the Board of Trustees were appointed explicitly to represent the interests of the State. During the period 1870 through 1880, the Minutes of the Board of Trustees indicate a continuing interest of the Board in attempting to secure State appropriations for the support of the College. At a meeting of June 19, 1878 a resolution was approved to appoint a committee of five persons from the Board to address the people of the State generally, and specifically the farming community; to inform them of the benefits to the entire State from the College; and to encourage them to urge their representatives in the General Assembly to provide the necessary patronage and support for Delaware College. A sum not exceeding $25 was appropriated towards defraying the expenses of this lobbying effort.

Members of the State Senate visited the College in 1885 and later were helpful in securing the passage of an "Act for the Enlargement and Repairing of Delaware College" which authorized $4,000 in 1885 and $4,000 in 1886. Further construction was supported with funds in the amount of $15,000 annually which had been appropriated by Congress to each State to construct agricultural experimental stations under the provisions of the Morrill Act. At the meeting of the Board of March 24, 1891, the Board recommended by resolution to the State that funds from the "new Morrill Act of 1890" be distributed one fifth to "the colored school" and four fifths to Delaware College, ". . . and a like division of all funds arising under this Act in the future." The amount to be distributed at that time was $16,000 per year.

The influence of the Morrill Act and the Board's effort to secure the support of the agricultural community seem to have been successful since records indicate that in 1900 the General Assembly appropriated $25,000 ". . . for the erection of suitable building for fully carrying out the provisions of the Morrill Act" and in 1901 appropriated $55,000 for repairs and new buildings for the College thereby permitting two wings to be added to the "Old College" building. In 1903, the General Assembly appropriated an additional $15,000 to the College to provide for a workshop for mechanical engineering and for

the agricultural department of the College. Another $15,000 appropriation was received in 1905 to be used in the erection of new buildings.

Charter Re-statement

The level of funding from the State to the College had become relatively quite significant by this time, which caused the Board at its meeting of January 29, 1907 to pass a resolution instructing the president and secretary of the Board to inquire into the state of the title to the real estate of Delaware College and to implement the agreement made in 1867 whereby the College would transfer one half interest of its real estate to the State. Deeds of 1909 and 1913 accomplished this end, the latter following the receipt of the Perpetual Charter of the University of Delaware.

The Board of Trustees resolution adopted June 13, 1959 formally states the position of the University as follows:

WHEREAS, in 1913, the General Assembly of Delaware, by Chapter 117 of 27 Laws of Delaware, did grant to the University of Delaware a perpetual charter which contains no reserve power in the General Assembly to amend the charter thus granted; and

WHEREAS, since 1913, the General Assembly has from time to time, at the instance and request or with the approval and acquiescence of the University of Delaware, adopted various acts modifying or affecting provisions of the charter of the University; and

WHEREAS, in 1953, the General Assembly adopted an act to revise, recodify, arrange and consolidate into a code the public and general statutes of the State of Delaware, referred to as "Delaware Code of 1953," and Title 14, Chapter 51 of this Code set forth a restatement of the chapter of the University of Delaware; and

WHEREAS, in 1955, at the instance and request of the University of Delaware, the General Assembly, by Chapter 521 of 50 Laws of Delaware, adopted certain acts relating to the powers of the University to issue bonds;

NOW, THEREFORE, BE IT RESOLVED, that Chapter 51 of Title 14 of Delaware Code of 1953, as amended, be and the same hereby is accepted by the Trustees of the University of Delaware as a restatement of the charter of the University of Delaware. ■

The Model: State Financing

Budget Preparation

In matters pertaining to the formulation of the State's budget for appropriations, the University of Delaware is treated as any agency performing services of the State. In accounting for the expenditure of funds, however, there is an important difference in the manner in which the University accounts for expenditure of the State appropriation to the University.

In the budget building process, the University of Delaware utilizes the same information-collecting instruments and the same budgeting guidelines as are issued to all State agencies. The request forms are changed frequently to accommodate the style of a specific State budget director or to accommodate legislative requirements, and guidelines are issued annually to reflect the fiscal climate. The University is expected to employ the forms issued by the State Budget Director and to formulate its annual request within the guidelines provided.

For at least two decades, however, it has been a practice of the University to augment its request with supporting documents and analyses that provide greater detail about certain highlighted issues than is required by either the executive or legislative branches of State government. These issues vary over time with the University's priorities and have included, for example, a multi-year program to improve the relative ranking of faculty salaries or the phasing of certain large capital construction projects over a period of three to four years.

It is a law of the State that in January the Governor provides to the General Assembly a budget proposal for the ensuing fiscal year, and this proposal is introduced as a bill in both houses. To assist the executive office in preparing the governor's recommendation, each agency of the State and the University of

Delaware is required to submit its request to the State Budget Director in the early autumn. The Budget Director schedules public hearings before his staff, and these are attended by other members of the Governor's cabinet as well as by members of the press, the public, and the University Community. The University of Delaware hearing is scheduled for approximately two hours but in practice it has extended over a range of one-half hour to two hours. The hearing is conducted by the Budget Director and members of his immediate staff. The format of the hearing is ordinarily a probe of the current and planned deployment of State-appropriated funds. In the past decade, however, the University has introduced and expanded upon the interdependence of the State appropriation and all other revenues which support the total operations of the University. The State appropriation has ranged from one-quarter to one-third of the University's total budget during this period.

When the Governor's recommended budget is presented as proposed legislation in January, it is usually the case that all agency requests have been pared to reflect the priorities of the Governor's administration. The Governor's proposal is taken under study by legislative staff. During the first recess of the State legislature (which ordinarily occurs in late February or early March), a committee constituted jointly of members of both houses of the legislature is convened to hold another round of public hearings on the current and planned deployment of State funds appropriated to each State agency and the University of Delaware. Eventually the results of these hearings and ensuing deliberations result in legislative action which determines levels of appropriation for the following fiscal year.

In these matters, the Governor and the legislature are guided by revenue forecasts provided by the Delaware Economics Financial Advisory Council (DEFAC), a voluntary advisory commission of financial experts appointed by the Governor. The appointments to DEFAC are drawn from members of the State's financial and business community, members of the executive and legislative financial staffs, and members of the University of Delaware faculty and professional staff. The University faculty and professional appointees maintain econometric forecasting tools to assist the commission in providing periodic estimates of State revenues to be expected from all sources for the following fiscal year.

Appropriations to State agencies are designated by object of expenditure. There are specific designations of budget lines and salaries for employee groups within each agency and for individual categories of supplies and expense. Employee fringe benefits for each agency are budgeted in a single line captioned "Other Employment Costs." These line-by-line designations are established for purposes of subsequent accounting audit control.

Budget Appropriations

In the case of the appropriation of the University of Delaware, there is no separate designation of salary amount budgeted for specific employee groups nor is there a designation of expenditures to be controlled by objects of expenditure. Instead, the budget of the University of Delaware can be described as a "program" budget. A single "Operations" line is designated and intended to fund a portion of the instruction, research, and public service activities of the University. In addition, there are lines designated for specific programs that meet the requirements of State of Delaware legislative entitlement. Examples of these include designated lines to support a poultry diagnostic center and to support the graduate portion of an occupational teacher's training program operated in conjunction with the State's four-year college and the State's community college.

Personnel Benefits

The University of Delaware employees are designated as State employees for the purpose of providing personnel benefits and, as for other agencies, there is a separate line entitled "Other Employment Costs." A separate subdivision of benefit costs is provided in a line entitled "TIAA Pension" to fund a retirement annuity program for faculty and professional employees who have been excluded from the State pension plan. The TIAA pension plan is a special concern to the University and the State of Delaware. It was adopted some time ago for faculty and professional employees because it had become the standard college and university retirement benefit, and so it was better suited than the State pension plan to the attraction of the people recruited by the University.

Capital Construction

Each year the University presents to the State Planning Office a six-year forecast of its capital construction requirements and more detailed statements concerning the specific phase of the capital plan to be considered for the next capital bond bill. All long term debt service resulting from approval of State funding for these projects appears as a portion of a specific budget line in the University's appropriation.

Payment, Audit Procedures

Monies appropriated by the General Assembly to the University are paid to the University in equal monthly installments and are not encumbered by any procedures calling for pre-audit approval or other administrative control exercised by the Budget Director or other agency official of the State. The State-funded appropriation is maintained in separate accounts by the University so that these funds may be audited apart from other funds by the auditor of accounts of the State of Delaware or any other auditing official that may be appointed from time to time by the General Assembly. In addition, the University has continued a practice of obtaining an annual certified audit of all its transactions including a separate audit of State accounts independent of any State audit. This independent certified audit of all State appropriated financial transactions is made available to the University's Board of Trustees, including the Governor of the State. In practice, the audit has also been made available to the General Assembly and to the public at large.

The State appropriation to the University for annual fiscal operations is derived from general tax revenues. The appropriation for capital construction is derived from the State's annual capital bond bill. In addition, there are specific programmatic funds channeled from the federal government to the University through State government. These include certain Agricultural Extension entitlement funds and certain federal revenue sharing funds directed to other extension activities such as those of the College of Urban Affairs and Public Policy. ■

Effects of the State Relationship

Enrollment

From its inception as a Land Grant institution through the early 1900's, the enrollment of the University of Delaware grew slowly from 45 students enrolled in 1873 to 92 students enrolled in 1900. The enrollment doubled two times over by 1920, this growth supported largely by the State's financial accommodations beginning in 1913. From 1920 to 1940 enrollment doubled again from 450 undergraduate students to 908 undergradutes, and the enrollment then also included 67 graduate students. Only 14 of the graduate students were full time, the remaining 53 being classified as evening attenders and "extramural." During this time the institution concentrated its energy on developing a firm base in undergraduate programs. By 1940 there had developed particular strengths in the sciences and engineering. The graduate enrollment in 1940 was largely part time with the majority of these students majoring in the field of education.

One-fifth of the undergraduate enrollment was from out of State in 1940. The President's report for that year indicates the State appropriation would fund about one-third of the "total gross budget, including research but exclusive of building operations." Funds from the Federal Government were expected to provide 25 percent of the gross budget and the remaining 40 percent of the budget was to be derived from fees, endowment, gifts, and miscellaneous sources. The symbiotic relationship of public and private financing of the University's budget is revealed in the following quote taken from the President's 1941 report to the Board of Trustees:

In addition to the requests above-mentioned for capital improvements, none of which were granted, the Board had requested an increase in its annual operating budget . . . to meet the constantly increasing cost of maintaining a growing institution coupled with a steadily decreasing income from investments which, while affording only a small part of our income, have shrunk . . . , making it necessary to seek replacement of the loss in revenue by State appropriation.

The returning veterans of World War II doubled the enrollment of the University to about 1,800 by 1950. This increase in enrollment and a subsequent 50 percent increase through the 1950's was sustained by increasing high school graduation rates, increased college participation rates, and increased retention through the years of college to graduation.

During the ten-year period following the war, the entering freshman classes averaged 40 percent students from states other than Delaware. The demands upon the physical facilities of the University were extraordinary through the mid-1950's and beyond, prompting the Board of Trustees in 1955 to limit the admission of nonresident students to 25 percent of the entering class.

As the increase in Delaware high school graduates created pressures upon the University to expand through the 1960's, the University reduced the nonresident student enrollment to less than 20 percent of the total entering freshman class in 1971.

Admissions

The principal issues to be examined in the University of Delaware's admission policy for out-of-State students are the issues pertaining to the sensitive balance of costs and breadth of program offerings. No Delaware resident who has met admission standards has been denied admission to the University because of the enrollment of nonresident students, nor has the annual State appropriation to the University for operations contributed to the support of out-of-State students. Instructional costs for Delaware residents enrolled at the University are funded from three sources: the State appropriation, the general fee paid by residents of the State, and the University's endowment and other private philanthropic sources of funds. Because out-of-State students pay tuition at more than twice the rate paid by residents of the State, the instructional costs for these students are funded largely by the out-of-State tuition charge and the University's private philanthropic sources of funds.

It is only because the University has been able to enroll students from other states that it has been able to maintain a diversity of educational opportunities in a broad spectrum of undergraduate studies. The admission of nonresidents has always been managed so as to augment enrollments for those colleges and departments in which the number of Delawareans would not be sufficient to maintain programs of quality and vitality.

Current Attitude

The question of whether the University is public or private has been debated in the press in Delaware in recent years. There has been much debate over access to information on University finances. The University's Charter is quite clear on this point. University funds from sources other than the State are not subject to State audit unless they are commingled with State funds.

With respect to access to information, the meetings of the full Board of Trustees are open to the public as required in The Freedom of Information Act. The meetings of Trustee Standing Committees are not "public meetings" as that term is used in the Act. However, student and faculty representatives attend the meetings, and the dockets and minutes become part of the public record as part of the meetings of the full Board. Standing Committee Executive Sessions are infrequent.

The entire University budget showing all sources and uses of funds is made public at the University's budget hearing and is available for public scouting. As a result of this openness and the cooperation extended to State officials and the press, the current perception of the University is quite positive. One senses that Delawareans are generally proud of their State University and acknowledge its quality and contribution to the ambience of the State while also recognizing the advantages of the relationship, which have resulted in a constant level of tuition for the past four years.

Private Institutions.

There are four neighboring private institutions operating within the State of Delaware, only one of which now offers accredited programs through the baccalaureate. The enrollment of this four-year institution has never exceeded 800. Until recently two of the other institutions have offered only two-year programs but they are seeking to extend certain programs through the baccalaureate. One of these institutions is affiliated with a four-year degree granting institution in a bordering state and it serves as a location for the Delaware Law School, a professional program offered by the out-of-state affiliate. It is now seeking authorization to extend into Delaware

certain other four-year programs of the affiliated institution.

There is little to no competition for students between the University of Delaware and the four private insitutions. In terms of programs, there is virtually no overlap and when such occurs, the programs developed at the four-year institution are unique in format, its programs designed specifically for a nontraditional, part-time commuting student body. Until 1974 the University of Delaware operated a two-year program in secretarial studies, and this program may have provided competition for one of the two-year institutions. The program was phased out because it was no longer compatible with the University's mission and because a similar program existed elsewhere in the immediate region.

A 1980 survey of Delaware high school graduates asked of students seeking further education which institution they planned to attend. Approximately one-half of the high school graduating class planned to attend some institution of higher education after graduating from high school. One-third of these planned to enroll in the University of Delaware, 28 percent planned to enroll in a four-year institution in another state, and less than one percent planned to enroll in the four-year private institution within the State of Delaware. Just over one-third of the respondents planned to attend a two-year institution; 21 percent at the State's community and technical college, nine percent at other two-year institutions within the State, and five percent at two-year institutions in other states.

The State System

There is one university in Delaware and, therefore, no "university system." The presidents of the three publicly supported institutions of higher education meet regularly as The Council of Presidents.

The Council of Presidents was established in July 1969. The permanent membership of the Council consists of the President of the University of Delaware, the President of Delaware State College, the President of Delaware Technical and Community College, and the Superintendent of Delaware Department of Public Instruction.

The Chairmanship of the Council rotates annually among the presidents of the three publicly supported institutions. The purposes of the Council are to promote (1) cooperation in and coordination of academic programs, (2) coordination of library resources, (3) exchange of cultural programs, and (4) unified physical planning.

Coordination among and between the institutions has, in the opinion of the President of the University of Delaware, been facilitated positively by the work of the Council.

The Delaware Postsecondary Education Commission was established by Executive Order of the Governor and retains that status although unsuccessful attempts have been made to statutorily establish the Commission as a State agency. This Commission meets the requirements of Executive Order 1202. ■

New College

Eugene Lewis

Background

New College was created in the early 1960s by a group of local benefactors interested in having a small, excellent, liberal arts college established in Sarasota, Florida. A campus site was obtained which included two of the three large mansions on what had been the estates of the Ringling family. Immediately adjacent to the New College campus site were the Ringling Museum of Art and the Asolo State Theatre.

A Board of Trustees was formed from the local social and business elites, augmented by several distinguished national philanthropists and educational experts. The first President and the Board had initially agreed that an endowment fund of $15,000,000 was required in order for the College to open its doors in reasonable financial condition. By 1963 only $6,000,000 had been raised, but the first class was admitted in 1964.

The charter students were extraordinarily talented. They averaged 669 and 664 on the verbal and math sections of the SAT respectively. As important as the quality of the student body was the unusual educational program. New College was conceived as a three-year liberal arts program with a core curriculum. Students were to receive narrative evaluations instead of grades, and the 11-month academic year emphasized tutorial work, designated independent study periods, and a final thesis or project which was subject to final examination by a three-person baccalaureate committee. The newly-recruited charter faculty consisted of men and women with Ph.D.s from outstanding graduate institutions who were committed to undergraduate instruction in a free and unstructured atmosphere.

The initial decision to open the College without an adequate endowment base coupled with large, pressing capital construction needs proved over the following ten years to be disastrous. The Trustees found themselves unable to accumulate endowment because of the constant demand for more resources as new students were admitted, faculty hired, books purchased, and physical facilities constructed. In its stormy first decade, the College built two dormitory complexes, classrooms, a student center, and a natural science complex. Potentially income-earning gifts were repeatedly disposed of, as "uncontrollable"

costs increased each year. Tuition income lagged behind costs and although substantial sums were raised, they all had to be put into the constantly increasing operating budget of a growing College.

By 1973, New College was in the process of recruiting its third president. The history of the College to that point had been one of educational innovation and intellectual excellence coupled with an atmosphere of annual financial crisis which depressed faculty and student morale. Nevertheless an esprit de corps developed among the faculty, students, administration and supporters which was passionate and idealistic. Somehow, some way, the idea of New College could be preserved.

In 1973, Arland F. Christ-Janer came to the presidency. He had been president of Cornell College, Boston University, and most recently the College Entrance Examination Board. ■

The Merger

Christ-Janer faced his first Trustee meeting in the fall of 1973 with a shortfall in new student enrollment which added nearly $225,000 to an already substantial deficit. By February of 1974, he was forced to present the Board of Trustees with several unhappy alternatives. He suggested that the College could find an immediate and large gift to endowment; seek public tax support; cut expenditures; become part of another college or university; phase out operations at the end of the fiscal year; or continue to operate until bankruptcy. Christ-Janer had earlier approached the Chancellor of the State Board of Regents (BOR) with the suggestion that the State University System (SUS) take over the east campus, a large plot of land with a long-term lease from the adjacent airport, on which New College had constructed a new dormitory, classrooms, and student center. Chancellor Mautz concluded that the site was not suitable to SUS needs.

At about the same time, the newest and most rapidly growing university in the SUS began to look for a site for a regional campus in the Sarasota-Manatee area. The University of South Florida (USF), founded in 1956, was based on a large central campus in Tampa approximately 60 miles north of the New College campus. It had regional facilities in St. Petersburg and Fort Myers. All of the rapidly growing Florida west coast south of Tampa was part of its educational mission and scope.

Christ-Janer broached the subject of merger privately with USF President Cecil Mackey. He pointed out that New College offered an "instant campus" for the University and that it straddled the Manatee-Sarasota county line. The location could help to reduce the likelihood of stirring the fires of a long-standing rivalry between these two jurisdictions. Mackey asked Christ-Janer to formulate a plan and promised to present it personally to the Board of Regents in May 1974.

Lobbying: Trustees, Regents, Legislators.

The New College Trustees authorized Christ-Janer to proceed with negotiations with the Regents with the proviso that New College retain its identity and program in any future arrangement with the SUS. At the same April meeting, Christ-Janer presented the Board with what was to be the last budget of a private New College, adding yet another $238,000 to the accumulating deficit. Following the presentation of a five-page proposal to the Regents by Mackey, Christ-Janer felt it imperative to call a community meeting of faculty and students to discuss the plan and its likely consequences. It was one of many stormy meetings held during 1974.

Meanwhile, local state legislators were informally consulted about the merger idea. Their initial view of the situation was favorable on pragmatic grounds. New College was located on 100 acres of prime waterfront and included 26 buildings valued conservatively at about $8,600,000. Such a site might cost two or three times as much if the State of Florida were to attempt to build a new campus in the Sarasota-Manatee area. While the Regents sent the Mackey proposal to its Facilities Committee, the New College administration and the Trustee leadership began a campaign telephoning politicians around the State, seeking editorial support in the newspapers, and preparing statements for the campus community and interested citizens.

The generally positive response which seemed to be emerging from the Regents and from informal contacts with legislators became a burning issue on campus. Students were angry and bitter as were many faculty

as a result of learning of the events in Tallahassee on local radio. Eventually a rough consensus was reached. If New College had to merge with the University of South Florida, the consensus held that there must be guarantees of programmatic autonomy, residentiality, and selective admissions.

Off campus, the administration, trustees, and friends of the College began an intensive lobbying campaign directed toward gaining the assent of the Regents, the Legislature, and the Governor. The Chairman of the New College Board maintained contact with the Chairman of the Board of Regents while Mackey and Christ-Janer continued discussion with Chancellor Mautz.

The Legislature Acts

The House Education Appropriations Subcommittee passed a $4.2 million package to permit the purchase of the New College campus and to fund part of the final year (1974-75) New College operating budget, but Chancellor Mautz pointedly announced that the bill was written without the advice of the Chancellor and the Board of Regents. Mautz subsequently informed Christ-Janer that merger seemed to be impossible from his point of view. The Chairman of the BOR said that he did not believe that autonomy of the educational program could be guaranteed in a merger agreement.

Students and faculty began a campaign to save the private New College through direct solicitation by mail, newspaper advertisement, and face-to-face discussions with potential patrons. Urgent pleas to Foundations were sent out by alumni and students searching for a way out of what appeared to be the inevitable merger. It appeared highly likely that a battle involving the Regents, the SUS, and the Legislature was in the offing. Time was becoming as crucial a variable as politics. A dramatic meeting was held in a motel in the Tampa Airport between Christ-Janer, New College Board Chairman Dort and the assembled Regents. The outcome was an agreement by the Regents to seek legislative funding for the acquisition of the New College campus, the retention of the program of New College, and the co-location of a new upper-division and graduate program of the University of South Florida on what was to become the Sarasota Campus of USF. The Legislature thereupon approved bills to acquire the campus for $3,037,000 and to fund the operating needs to $1,100,000. New College was saved from bankruptcy, but was the cure to be more deadly than the disease? ■

The Model

In the haste to beat the deadline of adjournment, the enabling legislation was erroneously drafted to read that New College was to become an upper division and graduate program of the University of South Florida. What was intended, of course, was that the New College program be retained and that USF establish new upper level and graduate programs on the Sarasota Campus. To the consternation of the merger proponents, Mautz informed Christ-Janer that *he* accepted the legislation as it was written and understood that it meant the end of New College as a four-year institution in any shape or form.

However, Mautz had announced his coming retirement as Chancellor in July 1975, and E. T. York was named his successor. Another lobbying campaign began to secure support for Christ-Janer's attempt to retain crucial aspects of the New College program. Mautz wrote a letter expressing his view that while there was no future for the New College program, it might be wholly sustained by the New College Board long enough for continuing New College students to complete their education and receive a degree from USF.

Christ-Janer seized upon a possibility hidden within this dismaying letter. He wrote back to Mautz pressing special points which were to become part of an emerging model of private-public cooperation. He proposed an agreement which would: 1) recognize New College's educational principles; 2) retain the identity of the College; 3) assign specific faculty to the program; 4) continue the selective admissions procedures; 5) guarantee that students pay only state tuition fees; 6) vest educational policy making in USF working with the New College faculty and administration; and 7) develop means for retaining New College faculty. Mautz's suggestion of a role for the New College Board in closing out the programs of the continuing students and the points made by Christ-Janer outlined above became the basis for a final agreement some months later.

Official Agreement

The basic legal contract can be summarized as follows:

1. New College remained intact as a program of the University of South Florida, retaining its faculty, selective admissions and educational program.
2. The New College Board of Trustees dissolved and became the New College Foundation, a not-for-profit organization which annually was to contribute to the budget of the University of South Florida the aggregate difference between the full time equivalent (FTE) dollars generated under standard State formula and the cost of running New College at a 12:1 student-faculty ratio.
3. Ultimate responsibility for program, personnel, budgetary and physical plant operations was the responsibility of the President of USF or his designee.
4. Graduates received B.A. degrees from New College of the University of South Florida, the new designation of the College.

An historic moment had been reached in the life of New College. The ensuing five years were to encompass a steady process of defining the crucial elements of a relationship based on the general principles outlined above. Key issues remained to be resolved. How was governance and management to take place in the areas of curriculum, faculty and student personnel, admission, budget, finance, and physical plant? Many more questions and answers than can be dealt with here were handled in the five years following the merger. What follows outlines the present state of development in the evolving model.

Current Pattern

The Sarasota Campus is part of the Office of Regional Campus Affairs and is locally administered by a campus director reporting to the Dean of Regional Campus Affairs who is based on the Tampa Campus. The director's responsibility includes all physical plant, finance, security, library, and student affairs matters. In addition, the campus director is the chief academic officer for the regular upper division and graduate programs of the University on the Sarasota Campus.

The Provost of New College, now that the presidency had been eliminated, is the chief academic and budget officer of the New College program. He is responsible to the Vice President for Academic Affairs for all educational and faculty personnel matters and to the Dean of Regional Campus Affairs for all administrative matters. Thus a dual administration exists with separate reporting lines and responsibilities. In effect, the typical college presidency had been factored into two distinct bundles of responsibility.

For the first three years after the merger, the Dean of Regional Campus Affairs and the campus directorship were positions held by the same person in an acting capacity. The Provost of New College was also an acting appointment, held by a former New College faculty member who had become a permanent member of the USF History Department. Both men strove to allay fear and uncertainty by trying to maintain "business as usual" as much as was possible.

New College: A Separate Entity

A key issue in the merger agreement was worked out during these early years. It was essential for New College to remain as a separate collegiate unit within USF. Under the Merger Agreement, New College faculty retained collegiate autonomy for college program decisions and for faculty hiring, retention, discretionary pay increases, and tenure. Recommendations on tenure, retention, and appointment go directly from divisions, division chairmen, and the college-wide personnel committee to the Provost. This chief college officer makes his recommendation through Regional Campus Affairs to the University Vice President for Academic Affairs without referral to any other academic unit in the University. Following the merger, tenured New College faculty were reviewed and nearly all were granted tenure within the SUS. Thus, while all other regional academic matters are directly tied to the discipline department and colleges on the Tampa Campus, New College faculty retain the essential elements of academic autonomy of the private years.

The academic program which is the responsibility of the New College faculty and Provost has changed very little since 1975 and then only at the instigation of the New College faculty. Recently, the faculty devised a new semester calendar which coincidentally matches an SUS change. Interestingly, all parties involved, right up to and including the Chancellor's office in Tallahassee, agreed that even if New College wished to retain its quarter system despite the statewide change, an accommodation could be reached. Indeed, New College did adopt a semester system and

it is presently being further broken down in some cases to a modular system of shorter courses within the semester umbrella. Educational innovation lives on in Sarasota.

Continuing Refinement

In 1978 the three administrative positions described above were filled on a permanent basis and the model subsequently was refined. The Provost assumed responsibility for the Admissions Office in 1979. This responsibility was initially assigned to the campus director but since it was a major contingency for the New College program, it was thought to be more appropriately located within the Provost's area of responsibility.

A greater contingency began to emerge during the first three years after the merger and became the last major crisis of the merger period. The administrative arrangements solidified just as this final crisis erupted. The New College Foundation was virtually broke at the time of the merger, and though it had raised the funds necessary to meet its annual obligation to USF, it began to falter in 1978. In part, this was to be expected simply from the fact that the donating public erroneously believed that the State of Florida was paying all continuing costs, the exact details of the merger not being easy to comprehend.

There was another factor of great significance which had undoubtedly been a relatively minor worry in the context of the merger years' preoccupation with finding grounds for fundamental agreement among all parties. The SUS funding formula is, as indicated above, FTE driven. This is a common public funding mechanism and works like this in Florida: the budget allotment to any given university is determined by the FTE student enrollment average for four quarters.

This approach is acceptable for larger institutions which operate throughout the calendar year. However, New College never had been anything but a three quarter school with very small enrollments, a pattern clearly consistent with its educational program. What this practice meant in financial terms was that the New College FTE for *three* quarters was added up and divided by *four* according to formula. Earlier attempts to alter this formula were unsuccessful, and by 1978, the Trustees of the New College Foundation found it increasingly difficult to meet their obligations under this funding arrangement. They had, moreover, been unable to raise substantial endowment funds because their annual obligation by 1978 approximated $750,000.

Legislative Resolution

Some quiet but extensive lobbying in the State Legislature provided an extremely favorable resolution to the dilemma. The Legislature agreed to provide a special allocation so that New College would receive the equivalent of what would be generated if it operated the full four quarters. Impressed with the high quality of the New College program, and working on a quality improvement program for the SUS, the Legislature gave further assistance to the Foundation by passing legislation which created a challenge grant of $2.5 million in State funds toward a New College endowment fund if the New College Foundation could match the figure with $3.5 million in privately funded assets, including land and irrevocable trusts. With income from an anticipated endowment fund of $6 million and the reduction of the Foundation's obligation in the amount of $284,000 as a result of the four quarter funding change outlined above, the New College Foundation will be able to meet its annual obligation to support New College with relative ease. With that status achieved, the Foundation also will be able to enrich the academic program in significant ways.

University Cooperation

In addition to the increased special resources from the Florida Legislature, in 1979 the University declared New College of USF as one of four centers of emphasis. This designation resulted in the permanent allocation of special state funds for this purpose to the New College program, which permitted the employment of three new faculty members. This allocation was beyond the regular complement of personnel generated by the state funding formula. The University also gave special attention to faculty salaries. Thus, in 1979 and 1980 New College faculty salaries began to catch up with general salary levels within the SUS.

The legal and administrative models outlined above have been filled in by practice and experience. The useful modifications of the original understandings described are now in place and a certain unfamiliar tranquility has returned to New College. The faculty, and to a lesser extent the students, have learned through experience that the relationship with USF has not been as negative as was initially

feared. Indeed, something of a minor miracle occurred in 1980 when the New College faculty voted to participate in USF faculty governance, following assurances that such participation in no way reduced its autonomy.

In sum, the model is working in most of its crucial aspects. It appears that an unusual partnership, arising out of one of the most common problems of small liberal arts colleges, has been created and may provide some basis for replication in similar situations throughout the nation. ■

Effects of the State Relationship

The educational consequences of the merger are reasonably clear. The Sarasota-Manatee region now has a regional campus of the University of South Florida serving more than 1,000 people who reside in the area. Upper level graduates of the area junior college now have a convenient location for the completion of their bachelor degree programs. Local professionals may enroll in selected graduate programs as well. Programs in business administration, nursing, criminal justice, social sciences, and education are now offered in Sarasota. Most USF students attend classes in the late afternoon and early evening, and most hold full-time jobs as well. The campus is thus shared by two distinct student bodies, neither of which overlaps educationally. The cost of maintaining common facilities is more broadly shared than it ever could have been in the days of the private New College.

New College identity is preserved by the separation of program, faculty, and students. It is further enhanced by retention of dormitory space, filled exclusively with New College students during the nine-month school year. Complete separation of the admissions function guarantees the continuation of the selective policies so vital to the program. The role of the New College Foundation further enhances the distinction between the two programs and insures the continuation of New College.

Administrative overhead is absorbed by the economies of scale created by the contributions of both USF and New College programs to maintenance, record keeping, and the like. The responsibility for capital construction and major renovation is now shifted to the State of Florida from the predecessor New College Board of Trustees.

Educational Quality

The State of Florida acquired a beautiful, functioning, equipped campus and a unique honors program for its higher education system at an unbeatable price. The quality of the system was and continues to be enhanced greatly by the presence of the New College program, a position heartily endorsed throughout the political and administrative hierarchy of the State. Given the dark premonitions and understandable fears of students, faculty, and administrators characteristic of the merger years of 1974-75, most are pleasantly surprised. Most judge the relationship a success and many older faculty hands continue to be amazed at the sensitivity and acceptance accorded New College in its manifold relationships with the University. More than one half of the present faculty were present during the private New College days, and they are in many ways the guardians of the traditions of innovation and excellence.

Common fears of a diminution of educational quality in new students have by and large not been realized. The SAT scores of incoming students, following national trends, have dropped over the past decade when compared with those of the early private years. But when the scores of new students are compared with average national scores during the same period, New College students consistently average some 300 points above the national norm. New College's 1980 entering students have combined SAT average scores of approximately 1200, a statistic many liberal arts colleges would find quite encouraging.

Admissions Resources

One of the less fortunate consequences of the merger was the reduction of the Admissions staff and budget. This occurred for two reasons. The first reason was straightforward: funds were simply not available for the Admissions program and could only have come from the already strained educational program. The second is philosophical and relates

to the vision that a public university or board has of its mission. Briefly stated, recruitment for public universities at the undergraduate level is not deemed appropriate, since the State has a perceived obligation to accept all applicants who can meet the minimal BOR requirements. Fortunately, in 1980 the New College Foundation provided additional funds for the Admissions Office to begin to fulfill its traditional mission.

Student Population.

One positive consequence of the merger agreement has been to bring more Florida high school graduates to New College. What had been almost completely an out-of-state student body now numbers one half of its membership from Florida high schools. Nearly a third of recent new classes are transfer students from colleges inside Florida and throughout the United States.

One of the major reasons for the attractiveness of the New College program is that it continues to offer a personalized, excellent liberal arts education at what are rapidly becoming astoundingly inexpensive tuition charges. Present out-of-state charges are $2,164.00, while the fees for Florida residents are $916.00. This is, of course, made possible by the subsidies of the State of Florida, which funds over 80% of true costs, and by a per student allocation from the New College Foundation which presently approximates $1,500.00. The net effect of the merger in this regard makes New College attractive and affordable to many students who otherwise would be unable to pay for such an education. ■

Conclusions

In many respects, a set of fortuitous circumstances brought the New College-USF merger into being. These circumstances cannot reasonably be expected to occur in other places and times. But some of them may and the New College experience might provide insights for others facing similar problems.

The first factors for analysis involve the historic confluence of two unrelated events: the financial problems of New College and the plans of USF to expand its regional campus system. These two historical facts, while not unique in themselves, occurred at the same time, thus making possible a merger that neither organization would have otherwise seriously contemplated.

The importance of the SUS in an expanding state economy cannot be overestimated as one determining aspect of the historical context. Increasing state revenues from sources other than intergovernmental transfers were not evident in many states in the mid-1970s and certainly not by the end of the decade. In this regard, Florida was most fortunate during the period under discussion. Today, despite continued economic health, many in the Florida Legislature are calling for enrollment caps and cost containment for the SUS, and it is legitimate to speculate as to what the reception of a New College-USF merger might be were it to be suggested today.

Despite the improbability of the sequence of events and conditions leading to the merger, there may be some elements of the evolving structure which can be fitted to other settings. The first of these is the private-public mix. American higher education traditionally has been the recipient of major philanthropic gifts. Indeed, whole campuses and endowments have been founded on such generosity. But as the scope of the higher education enterprise has expanded to include nearly every group, occupation, profession, and specialized activity, public sector participation has increased in often uneasy partnership with private benefactors. Small liberal arts colleges, located mainly in the Northeast and Middle West, and living on endowment income, gifts from alumni, and tuition and fees, are caught in a vicious cycle of not funding tomorrow because they cannot fully fund today.

State institutions, many of which overextended themselves during the past twenty years, are facing drastic cutbacks as the resource base of eighteen year-olds and state economies diminish. Perhaps in this "lifeboat" situation, an accommodation can be made between the two sectors and funding mechanisms. This kind of accommodation may mean the kind of co-location evolved in the New College case. Or it may be possible to combine two existing public and private funding mechanisms, which otherwise might be inadequate, into a third "hybrid" like the New College model.

What these major structural changes will almost always entail is an enormous amount of patience and understanding on the part of

administrative actors with conflicting and often contradictory constituencies. The problems of merger arise as much from implementation as from design, and both parties must understand that they cannot in one act of accord answer all of the important questions. These must be worked out over time and in accordance with changes in the environment. Certainly this was and continues to be the case with New College of USF.

The New College design rests on an assumption of complementarity of interest and operation between the partners. It is only within the last three years that the "wait and see" attitude has been superseded. New administrators for both University and New College programs as well as the Foundation have been working together for such a brief period that little in the way of final evaluation can be made.

Matters of current concern continue to revolve around issues which were present from the very beginning of the merger period: how much standardization should the University expect in extracurricular and support services? Of what does the special New College environment consist? These might generally be conceived of as problems of mutual adaptation and have the potential of serious conflict if they are not constantly evaluated. Those who are responsible for administration after a merger would do well to attend to them as a continuing agenda item.

New administrative efforts to join disparate constituents in common cause have emerged on the Sarasota campus. The most obvious of these currently involves efforts to secure a new library from public funds and to create a master plan which will physically insure the continued health of both programs. Such efforts can serve their ostensible purposes and can have the latent effect of increasing communication among multiple campus constituencies.

Problems of joint purpose as well as recurrent issues of separability and integration must be considered part of an ongoing merger process. Additional problems of centralization-decentralization, common to most regional systems are also part of the continuing merger process. In the case of the New College-USF solution, such problems are inevitably exacerbated simply by virtue of the fact that one program differs in so many ways from its counterpart.

All that is to be shared and that which is not cannot be expected to be spelled out by any merger. That which is academic and that which is not, knows no simple boundary solution. That which can best be decided on the regional campus and that which must have centralized control, is similarly not self-evident. What is evident is the vital need for inter- and intra-campus communication and an overarching commitment to shared understanding of the needs and wishes of the University, the College, and the New College Foundation.

Thus far that commitment has been clear and the future of this most unusual arrangement seems bright. ■

Rio Grande College

Herman Koby

Background

Rio Grande College and Community College represents a unique organizational concept in higher education. The institution has, through a tri-lateral arrangement between a private board of trustees, a public board of trustees, and the Ohio Board of Regents, combined private and public resources to provide comprehensive postsecondary educational services to an essentially rural Appalachian population.

In the early seventies, it became apparent to the president and his administrative staff at Rio Grande College that a change of mission should be considered. Throughout its ninety plus years existence, the college had prepared ministers and teachers and had at various times offered vocational and business programs. During the early thirties, the college offered only two-year programs. During the early sixties, two-year elementary teacher cadet programs were offered in response to teacher shortages. The college entered the early seventies with declining enrollments and virtually no endowment. This condition was compounded by events in the external environment. The birthrate was declining; there was a surplus of teachers; registration for the draft was ending; and the eastern states from which a significant number of students came to the college were developing community and technical college systems.

Evaluating trends and conditions at Rio Grande College, it was determined the highest enrollment historically of 850 in 1968 could drop as low as 450 by 1974. Teacher education students accounted for nearly 90 percent of the graduates of the college. Graduate followup studies indicated that more than half of the graduates had enrolled in graduate programs, primarily in teacher education, guidance or educational administration. Except for those who stopped teaching to raise families, nearly 80 percent of those who started teaching remained in education. Placement records also indicated a more than 90 percent placement record, even during recent times of teacher surpluses, for graduates who utilized or reported to the placement office.

The college had always been an open-door institution and had maintained remedial programs for as long as memories or records revealed. A significant percentage of students enrolled were from the contiguous four counties, and a significant number of graduates of

the college remained in Southeastern Ohio as teachers in area school systems. Thus, the record and performance of the college were at least community in nature. It was obvious then that the college was important to the Appalachian area as a source for higher education and as a provider of trained persons. It seemed important for the college to at least maintain, if not expand, those services.

Options originally considered were to seek affiliation with a religious denomination, to offer the college to the State of Ohio, or to seek a relationship with Ohio State University or Ohio University. ■

Achieving the State Relationship

An investigation of State Statutes by the President of the College revealed some interesting possibilities. The first community college, Cuyahoga, was started in Cleveland in the early sixties. By the early seventies there were four. The statutes provided for municipal institutions offering equivalent community college programs and located in a county with a sufficient population to be reimbursed through the state subsidy program. The Universities of Akron, Cincinnati, Toledo, and Youngstown had all taken advantage of this statute.

The statute covering the Ohio Board of Regents granted the Board authority over the particular statutes covering community colleges. However, in the Regents section, the phrase "public university or college" was used and defined as any non-profit university or college open to the public on equal terms and not affiliated with or controlled by an organization not primarily educational in nature. An inquiry to the Attorney General's office indicated Rio Grande College could be defined as a public college.

Community Needs

In October 1971, the Chancellor of the Ohio Board of Regents indicated to the President of Rio Grande College he could find no legal barriers to an effort by Rio Grande College to create a community college district or to contract with that district. Influential citizens in four counties were contacted and sufficient interest was generated to proceed. The four Boards of County Commissioners met in February 1972 and approved the resolution to create a district. It was approved by the Ohio Board of Regents June 1972. By September 1972, commissioners of the four counties made their six appointments to a Board of Trustees. The Governor made his three appointments in October.

A needs analysis, an official plan, and a local tax levy were still required. A professional firm was employed and citizens groups organized to complete the needs analysis. The analysis confirmed many of the evaluations of the community by the college. By all indices, family and per capita income were well below averages for the state. Participation in higher education was approximately one half the average for the State of Ohio. Mobility was low, but a significant number of young people were leaving the area. The percentage of older persons was high compared to the rest of the state.

Industries in the area indicated interest in and need for training programs and skilled manpower. Adults indicated an interest in education, and parents of elementary school children were supportive of additional educational opportunities. The analysis and the plan were submitted to the Board of Regents in February 1973. Action was tabled in April, but in July the Regents resolved to take action no later than May 1974.

Approval of Regents, Voters

Concerns of the Board of Regents included establishing a precedent of unknown implications, transplanting students who might otherwise enroll in public institutions already experiencing some declines, and implications for private higher education if the community college should result in the demise of the private college. The Ohio Board of Regents recommended meetings between Rio Grande College and Ohio University, 50 miles north, to discuss a relationship and to discuss implications of a community college in Southeastern Ohio. Although discussions were held, no agreements were reached.

In March of 1974 the Ohio Board of Regents approved the plan, and in June of 1974 the voters of the district approved a one mill levy by a 53 percent majority; and the community college began operations in October 1974.

During this process, the college was involved with several publics directly or indirectly. Feedback or reaction from public institutions to the college seemed limited to the concern of a new institution splitting into the higher education pie. Ohio University was in a transition period of rebuilding and assessing means of recovery from problems of the late sixties, and considering dropping an existing branch campus. While the staff of the Board of Regents was helpful, the Board itself seemed reluctant. The Ohio Foundation of Independent Colleges ruled that Rio Grande College's share of its fund raising efforts would be based on the size of its upper division enrollment only. Citizens of nearby communities were supportive for one or more of three reasons: expansion of educational programming into technical areas, low tuition rates, or saving Rio Grande College.

Campus Reactions Varied

On-campus reactions were also diversified. Frequent communications were dispersed on campus, keeping faculty, staff, and students informed of progress and developments; but meetings open to the campus for two-way exchange did not occur until winter and spring of 1974. These meetings revealed apprehension as well as support. A significant number of faculty members were concerned about the expansion of technical programs, any decline in emphasis on upper division programs, and the financial and academic implications of attempting to employ faculty members for highly technical programs. Students were concerned about phasing out or de-emphasizing four-year majors. ■

The Model

The model has evolved primarily on concepts of the lowest possible overhead or additional expense to the state or to the private college and to the least possible interference to the private college. The model is based on a contract among the Ohio Board of Regents, the Rio Grande Community College Board of Trustees, and the Rio Grande College Board of Trustees to provide community college programs and services. The president of the private college also serves the public board. The public board employs only a secretary-treasurer primarily for the purpose of receiving public funds and dispersing such funds through the contract. Although the staff of the Ohio Board of Regents throughout the negotiations had suggested the public board employ a president, registrar, and treasurer, they later supported the simpler model.

Mutual Benefits

The advantages to the State of Ohio were instant community college services in a rural area underserved by the State educationally, and no investment costs in need or impact studies, planning, development, or organizational staffing. The state paid the same full-time-equivalent student subsidy it paid to any of its community colleges. Although not part of the planning or consideration, the State of Ohio made a capital investment in the form of a building to house technical programs during the 1975-77 biennium. A fine arts center followed during the 1977-79 biennium, and a science building has been given priority for the 1981-83 biennium. These facilities will result in an investment slightly in excess of $7,000,000. The secretary-treasurer of the community college coordinated planning and construction activities. Upon completion, the facilities were turned over to the private college for operation, with the private college responsible for all operating costs except repairs to the exterior of the facilities.

The advantages to the private college have been a steadily increasing enrollment, a stable monthly income through the contract payment, and a new community image. An unanticipated advantage was the fully equipped new facilities with the obligation for operating costs, and program and building equipment replacement costs.

The obligation of the private college was to offer a community college program composed of two-year transfer and two-year technical programs, developmental or remedial education, and adult or continuing education programs with no specifications regarding how much or what type of programs within those areas. Student subsidy is paid only on credit courses included in approved two-year degree programs, as is true of any public two-year community and technical college in the state. The subsidy process made it necessary for the private college to submit all two-year programs through the community college board to the Board of Regents and to meet Board of

Regents requirements and guidelines for those programs.

The third party to the contract, the community college board of trustees, received state subsidy funds and district levy funds and collects instructional fees from students. These funds are used to pay the private college a contract cost per full-time-equivalent student for students enrolled in community college programs. The private college recruits and registers students for those programs. The original contract called for a cost negotiated on alternative models between the two boards of trustees per full-time-equivalent student. Full-time-equivalent student was defined and determined by Board of Regents guidelines.

Difficulties between the two boards in defining roles, relationships, and expectations of each other led to the Ohio Board of Regents establishing the average cost per student at the other two-year community colleges for the previous year as the contract amount each year. The community college board essentially receives two-year program proposals from the private college, approves the programs, and relays such programs to the Ohio Board of Regents for approval. The registrar of the private college completes enrollment reports required by the Ohio Board of Regents. The community college board of trustees includes in the contract payments the same number of students for which they are subsidized by the Ohio Board of Regents.

Perceptions of the Parties

The original concept then was perceived in different ways by the three principals to the contract. The staff of the private college and the private college board perceived the contractual arrangement as involving little change in the institution, proceeding rather slowly with any changes, and maintaining a rather complete control of the institution. The staff of the Board of Regents envisioned some administrative staff for the community college to negotiate programming and financing at a staff level. The perceptions of the inexperienced board of trustees of the community college seemed to be divided between a concern for exercising control of public funds and assuring the addition of something new, such as technical programs, to college offerings to recognize local support through the district tax levy.

During the first two years of the contract, the college was expected to complete and submit on its community college program and students all reports required of public institutions in the state. A clause in the contract even required that all private college financial records be available to the representative of the State Auditor's Office who would be auditing the community college. In the third year, program and financial reporting requirements were reduced or modified considerably. The addition of technical programs and community college programs became a situation of urging movement in that direction by the staff of the Board of Regents and some members of the community college board. ■

Effects of the State Relationship

Enrollment

Educational consequences of the relationship for the college and to the district have been concrete though rather deliberate in developing. The percentage of students enrolled in technical programs has increased from 9 percent in each of the first three years to 15 percent in the seventh year, 1980-81. Full-time-equivalent student enrollment has increased from 487 to 780 in the community college during its seven years of existence, a 60 percent increase. Headcount has grown in the community college from 532 to 957, a 79 percent increase during the same period. Evening enrollment, which is primarily community college programming, has increased from 134 to 203, an 88 percent increase. Headcount in the private college, essentially the upper division and out-of-state lower division students, has grown from 215 to 268, a 24 percent increase during the same time period. Part-time enrollment at the institution has increased from 54 to 350, a 548 percent increase during the same time period.

The educational consequences are significant in terms of the statistics reported above. The percentage of students from the district has remained between 65 and 75 percent during the growth years. Growth in evening programs, full-time-equivalent students, headcount, off-campus, and non-credit programs

suggests a greater educational impact by the college in the area and reflects a community image the private college did not have prior to the private-state relationship. Although exact numbers are not available, it is obvious adult enrollment has increased.

Attitudes in the nearby communities appear more positive not only from a service concept but also from a quality of education concept. There appears to be an attitude that the college is meeting needs. A hospital diploma nursing program was converted to a two-year degree nursing program in 1980 after many years of discussions between the hospital and the college. Each of the technical programs has an advisory committee composed primarily of persons from the district. All social classes appear to have representative enrollment, and all levels of ability from graduating high school classes are represented. The college instituted a scholarship program to attract top students. The community college rate of fees has reduced economic barriers significantly.

Economic Consequences.

Most factors related to enrollment also relate to economic consequences. Enrollment has increased along with representation by age, social class, ability and interests. There has been a high demand in the district for allied health and industrial related graduates while the demand for graduates in certain teaching programs remains high. Approximately 15 percent of the $4.7 million construction projects to date have been estimated as involving local spending.

Although the state is paying the same operating costs through student subsidies as at other public institutions, it has available for the community college program approximately 120,000 square feet, excluding auxiliary enterprise spaces, for an investment to date in 54,000 square feet. Moreover, the capital investment to date has been spread over more than four years while productivity or results were immediate. In addition, a full spectrum of community college services is available, and the Governor's goal of higher education within thirty miles of every resident of the state has been accomplished for Southeastern Ohio.

Economically, the private college has experienced a growing enrollment. Although the contract payment per student has not equalled tuition charged, costs for community college programs are less than upper division classes because of the much higher average enrollment per class. This economy has been offset to some extent by the higher costs of some of the technical programs. This concern has been reflected by the relatively cautious development of technical programs, 15 percent of full-time-equivalent student enrollment by 1980-81. The new facilities represent an additional operating cost, as the 54,000 additional square feet have permitted only 9,000 square feet of college space to be phased out. The faculty student ratio has been increased from 1 to 17 to nearly 1 to 19.

Fiscally, the private college has struggled to make its upper division offerings more efficient and yet maintain the integrity of the four-year programs. Lower division courses of four-year programs are two-year transfer programs for the community college. It is not clear how much the upper division has benefited because of potential transfer from larger lower division enrollments. Surveys have indicated many students would stay at Rio Grande if finances can be worked out when the time arrives to cover the much higher private tuition of the junior year. Preliminary economic planning prior to the community college suggested a need for 285 to 300 students in the upper division.

The community college board of trustees has served as a buffer to some extent between the private college and the State of Ohio. Audits by the state have concentrated on public funds received by the community college and its execution of the contract rather than on the private college. Enrollments in community college programs are reviewed for sufficient enrollments to justify continued subsidy. Financially, the community college has not passed through to the private college the budget cuts made by the state during the last two years although the contract permits that procedure. In addition, the community college has provided program equipment for all technical programs and has requested the private college to maintain and replace the equipment as needed.

Thus, the contract has provided some savings to all parties. But perhaps the greatest economic advantage has been the spreading and sharing of costs, so that all parties are to some extent buffered from the sudden costs while the programs have grown quickly and steadily. The state had no initial costs and spread its capital investment. The community college has limited personnel costs and has been able to spread its equipment investment.

The private college takes care of operating and staffing but has had no large capital costs.

Staff Attitudes

Current perceptions of the relationship remain mixed. Some staff of the Board of Regents question the capital investment by the state, particularly beyond the technical programs facility, since public and private facilities are shared by public and private students on an equal basis. Some concern has been expressed at times by the staff of the Board of Regents because of the relative slowness in adopting and developing more technical programs. The staff of the Board of Regents seems more than satisfied with local support expressed through a local levy and enrollment increases. The Board of Regents has also maintained an attitude of not wanting to cause the private college to cease to exist as a result of the relationship.

The staff of the private college is positive about the advantages, growth, and financial support from the relationship but remains apprehensive about the long-term viability of the upper division, the heart of the private college. The costs of additional technical programs and operating costs of additional square footage are frequently expressed concerns. There is a feeling that the overall financial picture is as tenuous as before the relationship. The feeling among several faculty is that if the community college has additional funds, those funds should be made available in one way or another.

The staff of the private college has been essentially free of State of Ohio regulation or intrusion except for the Board of Regents' policy maintaining certain enrollments for programs to continue subsidy for courses within those programs. There is essentially no feeling of a state presence among faculty and second line or lower management staff. Reporting is provided by the Registrar and the Coordinator for Technical Programs of the private college and the Secretary-Treasurer of the community college.

Attitudes of Trustees

The board of trustees of the community college has expressed some concern about development of technical programs, but overall appears satisfied with the relationship. Since roles of the two boards have evolved currently into clearer distinctions, the community college board has expressed satisfaction with enrollment growth and with the growing awareness of the community college they perceive in their individual communities. However, over the past four years, much of their attention has been devoted to construction and technical program equipment matters. They perceive themselves as having been a party to a relationship that has produced increasing enrollments and positive community attitudes. In general they are not familiar with the budget or financial condition of the private college but perceive it to be somewhat positive.

The private board appears to perceive the relationship positively and as having been successful. They have been able to retain nearly as much authority and control over the college as they previously enjoyed, and have experienced growth and a reasonably assured, stable income through the growth and relationship. They seem to feel the long-term viability of the relationship and of the private college are still to be determined, although they perceive the college to be in better condition financially than prior to the relationship.

Private Institutions

The closest private institutions are approximately 100 miles away. There has been little reaction on an individual institution basis. (Almost all private institutions in Ohio have a religious affiliation.)Wilmington College maintained close contact and eventually developed a relationship with Southern State Community College in the Southwestern part of the state. For their campus near Wilmington, Southern State contracted with Wilmington for all their general studies courses with payments based on Ohio Board of Regents costs for such programs. Defiance and Northwest Technical College held brief conversations regarding a relationship and visited Rio Grande to evaluate the relationship.

In 1980, Rio Grande appealed to the Ohio Foundation of Independent Colleges to re-evaluate its 1975 policy, which essentially eliminated Rio Grande from effective participation. The foundation reaffirmed its stand that students contracted for in a state relationship could not be counted as enrollment in determining a college's share in the Foundation. The time required in Foundation activities did not justify the return for Rio Grande. As a result, Rio Grande is still not a member. Essentially, there has been no other public reaction by private colleges in the state to the Rio Grande relationship. Rio Grande's location in rural Appalachia, as opposed to

most private college locations in or near urban areas, may be a factor in the absence of reaction.

Public Institutions.

Public universities have expressed little reaction. Ohio University is fifty miles to the north. All other universities except Miami are located in or near urban areas. Ohio University has appeared to be interested in developing relationships with Rio Grande in programs from which students might transfer into the upper division at Ohio University. Discussions have primarily involved mining and pre-engineering or programs for which Rio Grande has no upper division.

Public technical colleges and other community colleges have included Rio Grande in their organizations as though the community college represented a regular public two-year college. It appears that the two institutions approximately fifty miles away scrutinize Rio Grande program proposals a little more closely and feel some competition. Board of Regents policies limit some programs to regional locations. Rio Grande Community College appears to be an equal partner in a two-year consortium of seven institutions to offer cooperative programs. Students take general courses on any campus but must move to one or two locations for technical offerings.

Thus, public two-year colleges appear to have accepted Rio Grande as an equal partner. Public universities appear to have no general or specific reactions, either positive or negative. Except for Southern State and Wilmington, no similar relationships have been developed. The Wilmington relatonship may have been more a result of the close proximity of the two, the avoidance of duplication, and the reluctance of the state to place a new two-year college so obviously in competition with an established private college. ■

The Five Models: An Analysis

William McKeefery

As a means of summarizing the five histories by the topics addressed, the four questions common to all will be noted in turn.

1. Why did a public relationship develop? For the most part the public relationship was sought for institutional interests. Cornell wanted to be the land grant university of New York; however, it also wanted to remain a private university. University of Delaware wanted to be both the land grant (public) institution and the equivalent of a private university. Temple University wanted to continue to serve a growing working class population in Philadelphia, and it needed more money to finance these expanded operations. New College encountered a cash flow problem but wanted to continue its distinctive program. And the University of South Florida was looking for a well located regional campus. Rio Grande College wanted to increase its enrollment and its financial security by gaining access to its rural area with low cost tuition. Thus, strong institutional interest in its mission and survival characterize the reasons for entering or changing a private-public relationship.

2. How was the private-public accommodation achieved? Cornell University did it by accepting a dual status of colleges under a single administration. Key people at the University and the legislature saw it through. Temple University proceeded with its mission to meet a public need while generating legislative and public support for its increasingly heavy financial burden. For this permanent financial aid, a state related status was arranged. In this quasi-public status the University enjoys some of the best features of both the public and private worlds. In minor ways the governance and accountability are changed. It enjoys Commonwealth status and many privileges of a private university.

University of Delaware is a good example of gradual accommodation with but two jumps: from private, church-related college to public status, first as a state college and then as a land grant university. But industry and friends with wealth never forgot their university and provided generously for it. Its endowment and annual corporate and individual giving make it comparable to many private institutions. The out-of-state students pay tuition comparable to that at private institutions. It blends its dual function most remarkably.

New College negotiated with the State of Florida and in particular the University of South Florida in Tampa to exchange ownership of its campus for the right to continue its program as a part of USF. A complicated contract was agreed to. Now an ongoing New College Board supplements the cost of the distinctive New College program from the remaining endowment and the proceeds from the campus sale.

Rio Grande College assumed leadership in founding a public community college on its campus with common use buildings built by the public. It took the initiative with the community and found a provision in the State law for its role. This provided a flow of students from the surrounding rural area who could afford the lower cost tuition.

Several common traits emerge. The achievement of public-private accommodation took leadership on the campus and a close liaison with the community and the legislature. It also took the willingness of the institution to serve in a modified role. In each case there was also a window of opportunity — a land grant funding to be attached to a particular institution, the fabulous funding of the 60's, or a community, rural or urban, waiting to be served. Timing was an important element in the achievement.

3. What are the characteristics of the relationship achieved? The previous historical accounts give a much fuller description than should be attempted here. The models represent different historical times, different places and different procedures. The institutions were not at all similar before the accommodation, and they were even more distinctive afterward. They are different in size and financial resources. What they do share in common is a modified mission and a changed status which each considers better than before. Other institutions that are now not dissimilar to what they were have the potential to venture into a present day kind of private-public accommodation. Each of the models remains unique in time and place. In four cases they drew closer to a public relatedness. In the case of the University of Delaware, it has avoided the close level of public control that most universities in states with a single major institution have encountered. In the case of Cornell University, it must be said too that it has achieved a happy and unusual combination in which its private (endowed) part functions in a very private way and its public (statutory) part functions in

a completely public fashion. Yet, the overall effect is that of smooth coordination.

4. What were the consequences of the altered relationship . . . on its educational program, its financial status and on nearby institutions? Perhaps by preselection the models all experienced good consequences. In fact, in the search for models, none were found that did not report good consequences. No effort was made to investigate those institutions that did not survive transitions. In any venture into joint ownership, as private-public accommodation certainly is, there are bound to be restraints. A new balance is created and there tends to be more of one kind of oversight and less of another kind. Only rarely does neither or both of the agents — public and private — demand full measure. Thus, indirectly, a new level of freedom is created, giving the institution the choice of benefactors to look to. Like a set of parents the combination can be better or worse than either one separately. It is not really a loss in institutional autonomy but a trade off. As one of our panelists noted, "There is some loss of autonomy in state relatedness but so is there in an empty checkbook."

Cornell University is a worthy model because it has made the combination of private-public relatedness seem like a good thing. True, tuition in the endowed colleges is much higher than in the statutory ones, but enrollment is not adversely affected. There is internal debate over the amount of public money needed to support the English and physics courses in the endowed colleges which teach these subjects for all students. This, like salaries and labor relations, is considered an internal matter and is worked out without state intervention. Cornell University has also adapted effectively to a massive statewide building program of public higher education in New York, SUNY and CUNY. It has been able to remain a quality institution of stable size drawing an able clientele both within and out of the State. It has no exact counterpart, but similar survivors of great education change within their states are the University of Pennsylvania, Stanford University and Johns Hopkins University.

Temple University's greatest growth occurred after it became state-related, and it has held that enrollment. It gained access to state funds for major building projects including hospitals. With state funding its tuition remained moderate and it grew in numbers and complexity. The timing of this transition in the 60's was propitious. The mode of help moved from grants to students, a million dollars in 1962, to broad general help amounting to $83.2 million currently. By partnership with the State it has been able to remain faithful to its early mission of serving the street car student, but by that partnership it now serves the larger number that arrive by subway and provides a much wider variety of services at modest cost. Interestingly, its pioneer achievement made possible a similar move by the University of Pittsburgh a year later.

The consequences reported are at times subtle. The governing board is now made up of publicly appointed trustees and self-perpetuating trustees. Both become so committed to the mission of the University that it is impossible to distinguish which is which. The terms Commonwealth, State related or private are used depending on the ambience the user wishes to convey. Land transactions between the State and the University are done with the deference usually accorded a private agency. This subtlety is not unintentional. It serves both the Governor and the interests of private philanthropy.

From a temporary closing of the college for financial reasons in 1859 to its reopening with land grant funds a few years later — in exchange for State involvement in its activities — the University of Delaware has moved on to become the "state assisted, privately controlled, land grant and sea grant University for the State of Delaware." Delaware, no stranger to corporations, has learned how to make maximum use of its one major institution. The governing board of 32 members has 20 private members and 12 public members. There is no State Board of Higher Education in Delaware. The presidents of the three four-year institutions get together informally on a regular basis. U of D has made a Camelot-like accommodation to a small state with heavy industrial interests and family wealth. Endowment is approaching $200 million. Annual contributions from friends and industry are substantial. The 50% of the student body coming from out of state pay a tuition rate two and a half times as high as state residents and contribute to the existence of departments in special fields. This balanced status is reflected in its budget, which is 22.7% tuition, 29.6% state support, 17.6% gifts and 30.1% other sources. The State has learned the art of at-

tracting both corporate and student registrations.

New College is a most recent success story. If a program at a state university can provide a low tuition, handcrafted liberal arts degree experience in a state with few prestigious private colleges, its future flow of students seems assured. Add to this the average entering college board scores of 1200, a nine month schedule avoiding the heat of a Florida summer and a 12/1 student faculty ratio . . . then set this on a regional campus of a major state university . . . you have a combination that may be envied or copied by others. This unusual combination is still an early experiment and depends on periodic contractual renewal between the Foundation of the prior private college and the University. This Foundation, holding the proceeds from the sale of the campus to the State and other funds, is able to pay the amount needed for the enriched program at the University. From the standpoint of New College the consequence of the "merger" has been a continuation of its original mission. University of South Florida added a jewel to its programs. Restraints exist. Faculty hired by New College do not have transferability to other academic divisions of USF. A Provost manages New College's affairs and finds a busy life providing liaison with the donors, the legislators and the University.

Not all private colleges can dream of a royal wedding unless they have a valuable campus site or other family heirloom desired by a university. Canadian public universities have had little difficulty inviting private colleges to build buildings on their campuses. With no separation of church and state, they can even build facilities to house small colleges that provide special faculty competence in humanities or exotic languages, and incorporate that faculty into their academic ranks. Although this model admits to a certain fragility, its potential for replication is great.

The consequence of the liaison between Rio Grande Community College and Rio Grande College has probably kept viable the presence of a private four year college in a rural area. At the same time it has made possible a low cost two year program in an area that without the facilities and oversight of the four year institution might never have existed. Financial help arrived by the "merger" providing a larger flow of two year students. The upperclass enrollment has remained about the same. Thus no further erosion but a continuing uncertainty remains. The nearest colleges are 60 miles away and do not serve this area in any special way. There remains the substantial difference in tuition between the two schools and between what area residents pay compared to non-residents. The close sharing of facilities depends on the continued good relations of the two boards and their staffs. RGCC has but a single appointee. He is the treasurer and liaison with RGC. Having been the Dean at RGC now assures a close relationship. But RGC is the more vulnerable and needs this liaison to continue its mission of service to that area.

The general consequence that runs through each of these histories is that the institution prospered by developing a private-public accommodation. Educationally their programs have continued and perhaps improved as well as being expanded. Financially they prospered. Some did have financial need and the State was a financial resource . . . not so much a lender of last resort but a willing and attractive partner. Other colleges were little affected.

Cornell University is now well positioned in spite of the overbuilding of the public sector in New York. It gave high priority to quality education and selective admission. The high tuition differential between the endowed and statutory college is a small price to pay for a preferred education. The University of Pennsylvania has maintained much of this same charisma.

Temple University used its state relatedness to move to greater size and complexity as a Commonwealth university. The silver triangle of College Park, Pittsburgh and Philadelphia marks for Pennsylvania an accommodation on a grander scale than a single urban area. College Park is now a standard metropolitan statistical area with a population exceeding 100,000 . . . and from that point Pennsylvania State University serves many communities. The alternative for Philadelphia was for the University of Pennsylvania to go public as the University of Michigan did or, for PSU to adopt a SUNY approach and take over Temple. Neither occurred. Statewide accommodation was achieved.

University of Delaware is the story, almost, of Presbyterian rags to industrial riches. The Presbyterian school failed two years before it had a chance to test greatness. The reopened school fortunately had astute leadership, and by a series of prudent accommodations the in-

stitution found a way to fit the state's needs in a unique way. In an artful combination of in-state and out-of-state service, it has justified its present size and complexity. States with comparable population such as New Hampshire, North Dakota and Vermont have not been as well served.

New College was most fortunate. The window of opportunity was open. The leaders with understanding were there and the expansion of Florida's public system had not ended. It may tell us that a major public system can buy a small private college for less than book value . . . no strange pattern to Wall Street. But was it good fortune or good business? Each institution considers it received good value. Many private colleges might want to emulate New College if the price is right and the mission is maintained. Merging *is* a method of accommodation.

There are still rural areas in United States inadequately served by postsecondary institutions. The Ohio River valley was one such area and found its accommodation in a new combined postsecondary resource. Rio Grande College is unique but it may not remain so. Consortia and 1202 commissions are working to improve service coverage in many states. ■

Other Private-Public Institutional Accommodations

These five models represent but a sampling of the broader domain of institutions undergoing private-public readjustment. It is an annual process for almost all institutions. Most of the adjustments are quite modest except when a major fund drive or a particularly generous bequest is received. A shadow group of about 80 institutions was identified on the basis of public institutions with a large percentage of nonpublic income; private institutions with unusually large public income; and a group of institutions that have formally changed their affiliation, usually from private to public. These 80 institutions are only little more than two percent of all the postsecondary institutions in the United States.

Beyond the shadow group of 80 institutions is a fringe group of another 100 institutions that have made minor variations in status. Some have shed their denominational affiliation to become secular private. Normal schools have progressed to university status. Two year colleges have become four year institutions. Medical schools, trade schools, technical institutes and YMCA branches have become colleges. Mergers are a part of the history of these institutions, and the surviving entity sometimes bears little resemblance to the constituents. In this group are institutions that have moved from four year work to fifth and sixth year work and some to doctoral level. Some have added professional schools of medicine and law. Others have combined men's and women's colleges. These changes do not always affect the private-public balance but more often than not they do.

One other group deserves inclusion. These are the 170 clusters representing 775 institutions in private-public cooperative relationships. Across private-public campuses they share students, faculty, libraries and cultural events. It is only a small portion of the full campus effort but a crossover nevertheless. For about 100 of these groups a new breed of administrator has emerged. It is the multicampus and often private-public employee working without a specific campus base. It is another sign of institutional accommodation to the postsecondary needs of common service areas.

The three lists of institutions in the shadow group of 80 are as follows:

Higher Education Institutions Involved in Substantial Change of Affiliation
Names of Institution/Dates and nature of change
American Council on Education — Institutional Handbook — 11th ed.

Florida State Univ.; 1851 Seminary for Women, 1891 4 yr, 1905 St. Col. Women, 1947
Southern Colorado State Col., Pueblo; 1933 San Isabel Jr. Col., 1965 state
Univ. of Cal., San Francisco; 1864 Toland Med. Col., 1973 Branch UC, 1970
Univ. Cal, San Diego; 1903 Scripps Institute Biol. Research, 1958
Univ. Cal, Berkeley; 1855 Cal. Col. (private), 1868

Oregon Col. of Ed., Monmouth; 1856 Monmouth Col., 1865 Christian Col., 1911, 1939
Cheney State Col.; 1837 Quaker Col., 1920 bought by state, 1959 present name and mission
Univ. of Penn; 1740 Academy, 1754 4 yr., 1779 Univ. State of Penn,
Univ. of Pitt; 1787 Pitt Acadamy, 1819 West. Penn. Univ. 1822 4 yr., 1966 state related
Univ. Texas, Arlington; 1895 Arlington Col., 1917 A &M system, 1965 Univ. Tex system
Col. Wm. and Mary; 1693 royal charter, 1770 4 yr home phi beta kappa, still acts private
Longwood Col.; 1839 womens col., 1884 state normal, 1949 present name and co ed.
Mary Washington Col.; 1908 female acad, 1944 branch Univ. Va, 1972 indep & state — mostly women
Va. Commonwealth Univ.; 1838 Med. Col. Va. with 1917 Richmond Prof. Inst merge 1968
Marshall Univ; 1837 Marshall Acad. (Methodist) 1867 Normal sch, 1961 state
Western Carolina Univ.; 1889 Cullowhee HS semi private, 1925 Normal school to univ.
Winston-Salem State Univ.; 1892 Slater Ind. Col., 1925 state normal . . . univ.
Univ. N. Carolina-Asheville; 1927 Biltimore Col., 1959 state
N. Carol. Central Univ.-Durham; 1909 Col. of Durham, 1923 Normal S, 1972 univ.
N. Carol. Ag and Tech St. Univ.-Greensboro; 1891 Shaw Univ., 1972 state.
Fayetteville State Univ.; 1867 Howard S, 1877 State normal . . . univ.
SUNY-Binghamton; 1946 branch Syracuse Univ., 1950 Harpur Col. and state, 1956 SUNY
Cornell Univ; 1865 est as private, 1965 took on land grant status
Univ. Nebraska-Omaha; 1909 munic. Univ. Omaha, 1968 branch Univ. Neb.
Peru State Col.; 1855 Mt. Vernon Col., 1921 state normal . . . state
Univ. Missouri at K.C.; 1921 Univ. of K.C.-private, 1963 state
Missouri Western Col.; 1915 St. Joseph's Col., (Jr), 1970 4 yr and state
Missouri Southern St. Col.; 1937 Joplin Jr. Col., 1965 4 yr and state
Lincoln Univ.; 1866 Lincoln Inst, 1979 assist, 1891 4 yr, 1921 present name, 1975
Jackson St Col. (Miss); 1877 Am Bapt Home Mission, 1924 2 yr state, 1944 4 yr state, 1956
Wayne State Univ.; 1868 Detroit Col. Med., 1933 municipal, 1956 state
Univ. of Maryland; 1807 Col. Med, 1920 merged w Md St. Col. Ag to form Univ. Md
Univ. Baltimore; 1925 private until 1978 then state
St. Mary's Col. of Md; 1839 Female Acad, 1949 St. M's Jr Col., 1971 4 yr, 1978 state
Morgan State Univ.; 1862 Centenary Bible Inst, 1867 4 yr, 1890 Morgan Col., 1939 state
Univ. of Louisville; 1798 Jefferson Sem, 1838 Municipal Univ. of L, 1970 state
Albany State Col.; (Ga), 1903 Albany Bible Col., 1917 4 yr, 1943 state
Univ. of Akron; 1870 Buchtel Col. of Universalists, 1913 went municipal, 1963 state
Univ. of Toledo; 1872 municipal, 1967 state
Cleveland State Univ.; 1881 YMCA, 1930 Fenn Col., 1951 ind, 1965 state
Youngstown State Univ.; 1908 school of law, then assoc. schools, 1967 state
Univ. of Cincinnati; 1819 Amer. Col. and Medical Col. Ohio, 1870 muni and state
Rutgers Univ.; 1766 royal charter Queens Col., 1825 priv & named Rutgers, 1917 state
New Col.-Univ. South Florida — merger as described in text
Rio Grande Col. and Rio Grande Com. Col. merged as described in text

Public Institutions Involved in Substantial Private Funding

(Based on HEGIS Data, 1977-78) Institution	Institution's Budget in millions	State Appropriation as a Percentage of Educational and General Budget
University of Vermont	$58.3	23.4%
University of Maine	44.8	30.5
Colorado State University	97.7	34.5
University of Colorado	82.7	34.7
University of Delaware	70.8	36.4
University of New Hampshire	55.8	36.0
University of Michigan	280.5	39.5
University of Washington	250.7	41.2

Public Institutions Involved in Substantial Private Funding

(Based on HEGIS Data, 1977-78) Institution	Institution's Budget in millions	State Appropriation as a Percentage of Educational and General Budget
University of Pittsburgh	146.0	41.3
Pennsylvania State University	180.9	42.3
University North Carolina Chapel Hill	180.7	43.1
University of Utah	121.9	44.4
Oregon State University	94.0	44.7
Temple University	146.7	44.8
University of Oregon	54.8	45.5
University of North Dakota	38.1	45.8
University of South Dakota	24.4	45.9
New Mexico State University	56.9	46.0
Tennessee State University	18.3	47.9
Univ. Wisconsin-Madison	439.9	47.9
Mississippi State University	72.1	48.8
Ohio State University — Main campus	247.3	48.8
Indiana University	127.2	49.0
University of Tennessee — Knoxville	125.5	49.1
Michigan State University	226.2	49.3
University of Rhode Island	61.7	49.3
University of Minnesota	321.1	49.4
University of Connecticut	90.5	63.3

Private Institutions Involved in Substantial Public Funding (HEGIS, 1977-78)

Name of Institution	Public Funds 77-78
California Institute of Technology	$305,214,000
University of Chicago	268,198,000
Massachusetts Institute of Technology	203,998,000
Johns Hopkins University	193,659,000
Stanford University	126,519,000
Harvard University	79,900,000
Columbia University	75,341,000
University of Pennsylvania	69,104,000
Princeton University	67,347,000
Yale University	61,590,000

These 80 institutions represent the broad sectors of crossovers in which public money, governance and property have become involved with private activities. Some are strictly historical and once the change was made they are completely public institutions. Others, and perhaps the more important group for this study, are those with ongoing interrelationships. The penetration is far more that of public funds finding their way to private institutions than the other way round. It is important to note that private giving to public as well as private institutions is substantial and in some ways acts as reverse flow. The sum total of this private flow is but a small amount of the public flow. ■

Options and Exchanges in the Partnerships

When public-private relatedness becomes an important component of an institution a number of significant changes take place. Not all occur in any one institution and some are subtle and subjective in interpretation. From the five models and the shadow group a list has been compiled. It refers primarily to the changes taking place at the private institution when public involvement occurs. Similar but distinctive changes take place in public institutions when large sums of private money are received. Scholarships, endowed chairs, dedicated facilities and naming of buildings are but a few. To a greater extent these same effects are felt in private institutions where the public interest is not as strong. Here, however, the emphasis is on public funds moving to private institutions.

1. Governance is altered. Private boards are typically self perpetuating, meaning that the board itself chooses the replacements. Public institutions typically have appointed boards. In the case of state managed institutions, it is the governor. Some also sit on boards by virtue of the office they hold. The governor and other state officials may occupy several seats. More often now, representation on boards of alumni, students and other important constituents occurs. With public funds the proportion of representation responsive to public government is increased. As noted earlier this increase does not necessarily change the quality of judgment or loyalty to the institution's objectives. Appointment of the president is a chief obligation of the board and through the president, the management of the institution. The president cannot help but be aware of his responsibility to those who appoint him.

2. Property becomes state related. Because both private and public institutions enjoy tax free status on most property, the changeover is not very obvious. The first effect is that the state takes over its maintenance and security or agrees to continue the present procedure. Not all the holdings of the private institutions are transferred. Besides a campus, many institutions hold residences and bequeathed property which may be treated differently. Gradually the forces of state purchasing and annual reporting make the property take on a dual standing as university property and state property.

3. Organization is revised. Clearly the institution receiving funds from different sources cannot have a board and administrative staff for each source. One board and campus management remains. If the private becomes a unit of a state system the division of the powers of a local board and a systems administrator is negotiated. Several of our historians in this study now handle this interpretative role. In general the organization moves a step closer to a single system. Payrolls, calendars, and forms are all adapted to easier handling.

4. State service agency services become available. The private institution finds that some, if not all, of the services available to state employees apply to them. This is not always an advantage if motor pools, retirement benefits and work schedules were more attractive before the public relationship. It brings to the newly related institution some options and some limitations.

5. Services and salaries move toward a state average. The larger agency is likely to impose its system on the smaller one. It takes a large and well established institution to resist this tendency. State civil service and large unions are an important hurdle. For a small impoverished unit moving to the state, the benefits may be substantial. For a well endowed institution the state average may appear low and the restrictions unmanageable. Not all public partners are states. Some might be local communities in the case of two year institutions, and these vary widely in affluence and organizational policy.

6. Accountability is inescapable. There is no such thing as a free lunch, and the resources of the state must be accounted for. This supervision can be friendly or adversary. Several schools in this study report that it is not a problem. Actually accountability was always there. It is only the question to whom the reporting is done. The myth that private-

institutions have a more casual system is not documented.

7. There is a mandate to serve a particular public. This can mean as little as the continuation of a function traditionally carried on by the institution or a new one. Before, it was decided upon within the institution. Now this public responsibility goes with the new resources. Placing the name "State" in the institution's name or changing the focus of the publicity does not mean that things have changed all that much. It is often a recognition of a mission already in progress.

8. Needed facilities are provided, not instantly, of course, but the new member institution may qualify to be listed on the priority list for buildings and other capital expenditures. The power of the state to borrow can also be attached so that favorable interest rates and credit can be obtained.

9. Tuition is adjusted toward other public institutions. If the public money is provided to make access easier financially, then tuition and other costs will follow this trend. Other size adjustments may occur such as the enrollment being pegged to what other public institutions are doing or to a demographic need.

10. The destiny of the institution moves toward the major supporter. If this be private then enlarged public service is evident; if public, structural assimilation takes place. Program emphasis and size are also matters of required master planning. Assuming these plans are prudent, the change to state relatedness should not be all that traumatic. The institution takes on a comprehensive view of the state as one part of it and gives up the more insular and independent view it had before.

One hesitates to leave this rich variety of possible outcomes without asking, could the five institutions have done otherwise? What other probable futures were equally tenable? Cornell University could have remained like the University of Pennsylvania and Harvard University if it had let the State of New York create a public land grant university. Temple University might have become for Philadelphia what New York University is to New York City. Delaware without industrial "homesteading" could have produced a University of Vermont or New Hampshire. New College could have failed or become elite with a very special donor. Rio Grande College might have merged with another private institution or have gone completely public.

Institutional self determination is still a large component of these private-public partnerships. The kind of leadership of board and president at the institutions and the benign concern of a legislature and state officials allowed the situation to be shaped in the distinctive pattern of the five histories and many others in the shadow group. Although crises are often the trigger, there is a rich variety of possibilities in each situation. ■

A National Perspective on Accommodation

Private-public accommodation is a national activity in higher education. Most instances are occuring in the East which could be because of denser population and close proximity of institutions, older institutions more in need of change, or overbuilding with financial stress that prompts reaching out for sources of money. The American Council of Education and the National Commission on Educational Statistics together with the U.S. Census Bureau provide valuable statistical data about higher education. From their most recent data the following items have been selected.

1. Higher education enrollment projections to 1986 are substantially flat. Through the 90's there will be a dip of 15% in 18-24 year olds, but a number of researchers (Howard Bowen, Leslie and Miller, Carnegie Commission) see reasons for optimism. They point to increased enrollment of minority youths, adults over 24, women, graduate students, foreign students and persons currently served by industry. Also, increased credentialing of high school dropouts and increased high school graduation rates would add students. A big factor is the relevance of college for the job market and the state of the economy. It would be premature to build the

system further but it also seems premature to dismantle it. Predictions in 1975 of the 1980 enrollment were considerably less than the enrollments realized. We may be able to predict with more certainty the total number of Americans in college in the year 2000 than where they will be located in this country and what they will be employed to do. Regional variations are likely to be substantial.

2. The educational expenditure as a percentage of GNP has risen from about 1% in 1950 to 2% by 1965 and has stayed near 2.5% for the last 15 years. The investment in physical plant per student has risen to $7,000 and the endowment per student exceeds $10,000. This does not appear to be a nation that intends to bring higher education to a halt.

3. The reports of institutional death are greatly exaggerated. In 1965 there were 2,230 institutions and in 1978 3,134. This 904 institution increase was shared by all sectors. The privates gained 251 (net) and the publics 653, mostly community colleges. During that same time 165 privates and 30 publics closed.

Incidentally, of the 30 public institutions lost, only one was a 4 year institution.

4. More important than number of institutions is what has been happening to their size and level. Of the 3,134 institutions in U.S. 1475 are public and 1659 are private. Of these 1475 publics only 95 are university type compared with 65 private universites; 455 are four year type but the private sector has 1326. It is the 925 public two year that outdistance the 268 private two year institutions. Size, however, is significantly different. The average size of the 3,134 institutions is 3,596 students, but the average size of a private institution is 1491 compared with the average size of the public institution of 5,968. What has happened in the last thirty years is that the size of the institutions, particularly the public university, the public four year comprehensive and the public two year community college, has doubled and tripled in size. In 1948 those enrolled in private institutions numbered 1,217,808; in public institutions 1,185,588. In 1978 it was 2,425,000 in private institutions and 7,365,000 in public institutions. The comparative size by type and ownership are:

Average Enrollment 1977-78

Level	Private	Public
University	11,502	21,700
Four year	1,207	6,263
Two year	576	4,201

The level of institutions in terms of degree work has gradually been rising.

Degree Level of Institutions

	Number of Institutions			
Level	1950	1978	Net Change	Percent Growth
Two year	527	1211	+684	129%
Bachelors	800	858	+ 58	7%
Masters	360	630	+270	75%
Doctorates	155	431	+276	178%

This size and level increase can be written off as unnecessary expansion or the meaningful response to a legitimate need. The increased use of the community college for skill programs and for the development of second interests is one such new use. The larger sector of our population having masters and doctors degrees is another. Again, it is difficult to predict but there are encouraging sounds.

5. Postsecondary education now appeals to a larger age segment of the population. In a five year period during the seventies, the increase in students of all ages was 13.7% (1973-78). The 18-24 year age group increased 10.8%, the 25-34 group increased 16.7% and the 35 and above increased 27.1%. The same kind of large percentage increase holds for women and foreign students studying here.

6. The sources of income of private and public institutions are becoming more alike. For a time a great divergence was taking place, with much of the private gifts and grants going to private institutions and much of the public funds going to the public institutions. A recent comparison shows:

Sources of Institutional Income

Source	Public	Private
Tuition and Fees	13.1%	36.9%
Federal Government	12.8	18.9
State Government	45.7	2.0
Local Government	5.2	0.7
Private gifts, grants	2.5	10.0
Endowment Income	0.4	4.5
Sales and services	18.4	23.6
Other Sources	1.8	3.3
Total	100.0	100.0

By direct gifts to the student as well as in contracts, the federal government now enters the private institution as does the state government. In fact, the federal input to the private is a larger percentage than that of the public. There is still a considerable advantage to the publics in the state funding they receive. The tuition difference between private and public is 23.8% of the income budget. It sounds much worse to say it is three times as high as public tuition. ■

Implications

A set of observations for those considering a change in private-public relatedness:

1. All postsecondary institutions have private and public components. They differ only in their proportion. All have become hybrid because they include philanthropy and public grants to students. There is still a dual system in higher education but it is far more blended than many realize. Further adaptation of institutions to mixed status is likely.

2. For many states, and some in the Northeast, the task of scaling back the effort of public postsecondary institutions because of anticipated enrollment declines, overshadows the task of private public accommodations in the state. This preoccupation should be overcome.

3. An institution that has a strong case for inclusion in the public mission in that state and needs funding for it should pursue it directly. Trying to get group consensus is unrewarding. A legislature of reasonable people can discern legitimate requests.

4. Crisis is often the trigger for change in private-public relatedness of an institution. This is not the best time to see clearly all the alternatives.

5. The fixed resources of facilities and faculty have slowed the response of postsecondary educational institutions to public needs. The flow of population and vocational opportunity is more volatile than the changing patterns of institutions. More institutional initiative for change is needed.

6. Adjustments of the private-public mix of institutions will continue. So will mergers and closings with a lesser number of new campuses opening. The direction of the movement is still toward private institutions receiving further public assistance in spite of tight budget situations.

7. There is an implicit hierarchy among postsecondary institutions that will determine survivorship in difficult times. Research universities have an advantage: selective admission; grants unaffected by enrollments; endowments; national defense needs; and the ability to enter new fields easily. Community colleges also have advantages: recently built near population; low cost; quick adaptability; and academic as well as skills oriented. Four year institutions are caught in the middle and see students drawn from them from both types. Develop cooperation as well as competition in the hierarchy.

8. These hierarchies of institutions work across as well as within states, creating for states of small population a problem of interstate adjustment. Some do this well (Delaware) and others struggle with an incomplete or undersized system. Balancing transfers in and out is a worthy goal.

9. A change in mission status affecting public-private relatedness actually occurs when strong leaders push for it, the other institutions do little about it, and the cause is just. It is not wrong to state your case strongly.

10. There are "windows" of favorable action. Land grant funding was once in a century and the Rockefeller and Lyndon Johnson eras created another. Crises create a less desirable window of alternatives to lost services. Bankruptcy or low quality service is inefficient. Sail with the wind . . . but be ready to tack.

11. Something is given for something received. Almost everything has its price. Even degree programs were sold recently in a Northeastern state. Public funds, philanthropic gifts or even student tuition are not without the donor's desire for some return. It is really a matter of whose money can be obtained to do the task. Seek out resources but read the tag.

12. Joining a state system brings fears to the remaining private institutions and to the publics who feel their resources will be diluted. "Lifeboat" theories that only so many institutions can survive only aggravate the anxiety. Unlike people, institutions can be partitioned, contracted, and redesigned. Like people they have strong feelings. Be diplomatic . . . and optimistic.

Three impressions abide:

- **A significant trend toward public relatedness is occurring in a limited number of private postsecondary institutions in response to public service opportunities.**
- **The methods of achieving public service accommodation in private institutions are extremely varied, reflecting unique institutional missions, service areas and state postsecondary networks.**
- **The consequences of private-public accommodation are viewed favorably by the institutions and those they serve.**

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